FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

Latin America

FBIS-LAT-95-155
Friday
11 August 1995

Daily Report
Latin America

FBIS-LAT-95-155

CONTENTS

11 August 1995

INTER-AMERICAN AFFAIRS

Text of Mercosur Summit Communique *[EL PAIS 5 Aug]* 1
Commentary Views Mercosur Problems, Brazilian Reserves *[GAZETA MERCANTIL 8 Aug]* 2
Caribbean Urges U.S. To Link Economic, Security Issues *[CANA]* 3
Editorial Urges Caricom To Uphold Civil Society Charter *[CANA]* 3

CARIBBEAN

Cuba

Foreign Ministry Warns Against Violation of Borders *[Havana Radio]* 5
Foreign Ministry Denies Change in U.S. Policy *[PRENSA LATINA]* 5
'Straight Talk' on U.S. Good-Neighbor Policy *[Havana Radio]* 6
Commentary on Canadian Senate Rejecting U.S. Blockade *[Havana Radio]* 8
Robaina To Attend Caribbean Heads of State Summit *[Havana Radio]* 8
CTC Launches Campaign To Prepare for 17th Congress *[Havana Radio]* 8
CTC Notes Importance of Retaining Qualified Work Force *[Havana Radio]* 9
Ross Urges UBPC Farmers To Fulfill Five-Point Program *[Havana Radio]* 9
Machado Ventura Tours Camaguey Province Sugarcane *[Havana Radio]* 9
Municipal Workers Federation Parleys Address Reorganization *[Havana Radio]* 10
Paco Rabanne Proposes Upscale Tourist Complex *[Havana Radio]* 11
Military Industrial Enterprise Creates Commercial Unit *[Havana Radio]* 11
Nuclear Safety Expert Santana Interview *[Havana Radio]* 11

Haiti

Presidential Decree Calls For Elections on 13 August *[Madrid EFE]* 13
Former Deputy Brutus Discusses 25 Jun Elections *[Port-au-Prince Radio]* 13
Public Works Minister Resigns, Criticizes Prime Minister *[NOTIMEX]* 13
Cantave Resigns From Post of Bajeux's Chief of Cabinet *[Port-au-Prince Radio]* 14
Coalitions of Mayors Sworn In 8 Aug *[Port-au-Prince Radio]* 14
Paul: Port-au-Prince Mayor Charlemagne 'Anarchist' *[Port-au-Prince Radio]* 14
IDB Announces Swiss-Fund Project Support *[CANA]* 15

MEXICO

PAN Studying Possibility of Returning To Dialogue *[Mexico City TV]* 16
Governor: Chiapas People Recover Confidence in Government *[NOTIMEX]* 16
Roundup of Mexican Economic Developments *[NOTIMEX, etc.]* 16
Poll Finds Growing Acceptance of EZLN *[VOZ Y VOTO Jul]* 19

CENTRAL AMERICA

Guatemala

FRG Selects Rios Montt's Wife as Presidential Candidate *[Guatemala City TV]* 24
URNG Commander on Electoral Process *[CRONICA 7 Jul]* 24
Decreased Maquiladora Production Examined *[CRONICA 14 Jul]* 27
Low Savings, Investment Rates Noted *[CRONICA 7 Jul]* 29

Panama

Canal Unions Request U.S. Affiliates' Support *[EL PANAMA AMERICA 9 Aug]* 29
President Proposes 'Slight Change' to Reforms *[Panama City Radio]* 29
Labor Minister Delivers Statement on Reforms *[Panama City Radio, TV]* 31
Labor Minister Details Plan Submitted to Assembly *[Panama City TV]* 31
    Assembly President on Reforms *[Panama City Radio, TV]* 32
Union Leader Mena: Strike Still Not Called Off *[Panama City TV]* 32
Investment Director Extols Labor Agreement *[Panama City TV]* 33

SOUTH AMERICA

Argentina

Cavallo Notes Special Support for Merged Banks *[NOTICIAS ARGENTINA]* 34
Corach Refutes Social Outbreaks in Provinces *[NOTICIAS ARGENTINAS]* 34
Economic Growth Viewed for Solving Unemployment *[NOTICIAS ARGENTINA]* 34
Official on Negotiations To Adjust IMF Targets *[NOTICIAS ARGENTINAS]* 35
Report Notes Conflicts in Nine Provinces *[CLARIN 6 Aug]* 36
More Trade Friction With Brazil Feared *[CLARIN 19 Jul]* 37
'Quebracho' Group Leader Denies Use of Arms *[TELAM]* 38

Bolivia

'Abuses' by Rural Area Police Reported *[La Paz Radio]* 38

Brazil

Cardoso Voices 'Satisfaction' On Merger *[La Paz Radio]* 39
Governors Lure Industries With Tax Breaks *[ISTOE 19 Jul]* 40
Official Urges Congress To Pass Patent Law *[AGENCIA ESTADO]* 42
Merger Ensures 'Vote of Confidence' for Cardoso *[Madrid EFE]* 42

Chile

Finance Minister Views NAFTA Negotiations *[EL MERCURIO 8 Aug]* 42
PDC Chairman Reviews PS-PPD Differences *[EL MERCURIO 23 Jul]* 43
Proposals on Human Rights Violations Viewed *[LA NACION 6 Jul]* 46

Colombia

Deputy: U.S., Politicians Plotting Against Samper *[Santa Fe de Bogota TV]* 47
President Samper's Lawyer To Refute 'False Charges' *[Santa Fe de Bogota TV]* 48
Former Campaign Treasurer Medina Profiled *[EL TIEMPO 30 Jul]* 48
Medina's Dismissal of Lawyer Discussed *[EL TIEMPO 3 Aug]* 49
Correction to Samper Taped Coversation Revealed 51

Ecuador

Government To Seek WTO Mediation in EU Banana Conflict *[Quito Radio]* 51

Paraguay

Bolivian President Discusses Ties, Mercosur *[NOTICIAS 6 Aug]* 51
Uruguay's Sanguinetti Views Mercosur, Integration *[NOTICIAS 7 Aug]* 52

Peru

Border Issue Not To Be Discussed With Ecuador *[Madrid EFE]* 53
Last Round of Debt Negotiation Talks Planned *[CARETAS 20 Jul]* 53
Commentator Criticizes Privatization Plan *[CARETAS 20 Jul]* 54
Drawbacks of New Land Law Detailed, Analyzed *[CARETAS 20 Jul]* 55
Notes on Municipal Politics 17-23 May *[DESCO 25 May]* 56

Uruguay

Technical Cooperation Agreement Signed With Spain *[Madrid EFE]* 57

Venezuela

Cuba's Robaina Comments on Bilateral Relations *[EL GLOBO 7 Aug]* 57
Economic Minister Comments on New Loans, Refinancing *[ECONOMIA HOY 7 Aug]* 58
Roundup of Venezuelan Economic Developments *[EL NACIONAL 30 Jul, etc.]* 58
Cordiplan Minister Paredes on Multilateral Loans, Others *[REPORTE DIARIO DE LA ECONOMIA 7 Aug]* 59
Court Workers End Strike; Agreement To Be Signed 9 Aug *[EL NACIONAL 8 Aug]* 61

Text of Mercosur Summit Communique

PY1008213095 Montevideo EL PAIS in Spanish 5 Aug 95 p 10

["Text" of the official communique issued at the conclusion of the presidential summit of the Common Market of the South held in Asuncion, Paraguay, and signed on 5 August 1995]

[FBIS Translated Text] The text of the communique is as follows:

1. On 4 and 5 August 1995, Paraguayan President Juan Carlos Wasmosy, Argentine President Carlos Menem, Brazilian President Fernando Henrique Cardoso, and Uruguayan President Julio Maria Sanguinetti participated in Asuncion, Paraguay, in the Eighth Mercosur [Common Market of the South] Common Market Council meeting.

2. The presidents expressed their satisfaction at the presence, as special guests, of Bolivian President Gonzalo Sanchez de Lozada and Chilean President Eduardo Frei Ruiz-Tagle.

3. The presidents reiterated their decision to conclude the ongoing negotiations with Bolivia and Chile with the signing of economic cooperation agreements as soon as possible to permit an enrichment and intensification of the privileged relations that each Mercosur member country has with these two countries.

4. The presidents reiterated full support for the principles of democracy as one of the essential pillars of the Mercosur integration process.

5. The presidents expressed deep satisfaction at the significant trade increase between the four Mercosur member countries following the program of commercial deregulation and the progress to harmonize or eliminate non-tariff barriers. This growth reflects the trust shown by economic operators in Mercosur and is concrete proof of private industries' leading role in the integration process.

6. The presidents expressed satisfaction over the implementation of the Customs Union as of 1 January 1995. They recognized the need to continue to strengthen it by fully implementing the mechanisms and instruments of common commercial policy already approved and the rapid conclusion of some instruments that are currently in a process of evaluation.

7. Within this context, the presidents stressed the importance of the Common Market Group meeting to examine measures to be adopted by member countries to guarantee the free circulation of goods produced in the zone within the framework of Mercosur agreements, an objective for which member countries must continue to strive.

8. The presidents expressed satisfaction at the inauguration of the Mercosur Commerce Commission as an organ subordinated to the Common Market Group, which is responsible for the application of common commercial policy instruments and for submitting proposals to higher level organizations.

9. The presidents outlined member countries' efforts to achieve macroeconomic stability, an essential condition for the success of Mercosur integration projects.

10. The presidents congratulated themselves on their solidarity, capacity to respond, and flexibility to face, in a pragmatic way, the occasional and temporary situations that hinder the integration process.

11. The presidents reiterated their political will to work toward the competitive and broad insertion of Mercosur into the world and to promote, within the framework of their common commercial policies, a dynamic participation for Mercosur in international forums and in agreements that pursue these objectives.

12. The presidents stressed the importance of negotiating agreements between Mercosur and the other countries of the Latin American Integration Association in order to provide a new framework for reciprocal commercial and economic relations and to permit their development and progress in mutually beneficial conditions.

13. The presidents expressed satisfaction at the decision adopted by 34 countries of the hemisphere during the Denver ministers' meeting to implement a program to negotiate a free trade area in the Americas (AFTA), seeking to progressively eliminate trade and investment barriers in accordance with the Americas Summit action plan.

14. The presidents stressed the importance of the upcoming meetings between Mercosur and the EU, convened following the December 1994 joint declaration establishing the bases for a strategy to strengthen relations between the two regions which will culminate in the creation of a political and economic inter-regional association.

15. The presidents also expressed their s[illegible]sfaction at the Common Market Council decision c[illegible]ning general instructions for the elaboration of guid[illegible] to negotiate a framework for an inter-regional a[illegible]ent with the EU before the end of the year.

16. The presidents reaffirmed their [illegible]cision to work harder to deepen the integration proc[illegible] in order to con-

solidate Mercosur. They confirmed the Asuncion Mandate, the decision adopted by the Mercosur Council to consolidate the common market and to ensure concrete progress from now until 2000.

17. The presidents outlined the importance of the new Common Market Group structure because they understand it will permit the continuation and improvement of the works that promote the integration of Mercosur member countries in diverse areas.

18. The presidents congratulated themselves over Mercosur's Joint Parliamentary Commission statements in favor of a quick ratification by all member countries of the Ouro Preto Protocol establishing Mercosur's institutional structure, in accordance with progress in the integration process.

19. The presidents agreed that the Economic and Social Advisory Forum [Foro Consultivo Economico y Social] created by the Ouro Preto Protocol was important as a place to discuss and participate in the four member countries economic and social groups in Mercosur matters.

20. The presidents were pleased to learn about the results of ongoing technical cooperation courses, developed mainly with the support of the Inter-American Development Bank and the EU.

21. The presidents agreed on the need to strengthen the four Mercosur member countries' physical integration and to fully use existing infrastructures, articulating them with the rest of the region. The presidents reiterated their will to continue to promote initiatives like waterways, ground transport systems, and bi-ocean corridors linking Atlantic and Pacific Ocean peoples.

22. The presidents expressed satisfaction at the signing of the Protocol on Education Integration and Recognition that defines the acceptance of degrees, studies, and medium-level technical diplomas among Mercosur countries; and the protocol on educational integration establishing recognition of university degrees for graduate studies in Mercosur countries' universities.

23. The presidents also recognized the importance of the Protocol on Harmonization of Standards on Intellectual Property that refers to brands, indications of origin, and origin denominations — an instrument considered a significant step toward the effective and adequate protection of intellectual property rights in the region.

24. The presidents expressed their satisfaction over the tasks developed during the first six months of the Customs Union, convinced that these tasks contribute to strengthen and reaffirm the commitments derived from the Asuncion Treaty.

Commentary Views Mercosur Problems, Brazilian Reserves

PY1008224695 Sao Paulo GAZETA MERCANTIL in Portuguese 8 Aug 95 p A6

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Brasilia — When Paraguay reduced nearly all its import tariffs to zero before the World Trade Organization (WTO), it created the newest source of problems for Mercosur [Common Market of the South]. The quandary is who will reimburse its Mercosur partners, which are entitled to compensation given that Paraguay — which promised to apply the Common External Tariff (CET) whose rates vary between zero and 20 percent for most goods — is not practicing what it agreed with the WTO.

Having consolidated its import tariffs before the WTO means Paraguay cannot increase them; and if it does, it will have to pay indemnity whenever a trade partner files a complaint. This compensation may be a tariff concession that benefits the same product or some other kind of merchandise.

Negotiators of the four Mercosur member countries are seeking to solve the problem by the end of October, because Mercosur will then be evaluated by the WTO which will question this ambiguous situation caused by Paraguay. "Who will pay the bill? All the Mercosur members?" asked a Brazilian diplomat who participated in the Mercosur meetings in Asuncion on 5 August. This subject is being discussed with much concern, especially by Brazil which will have yet other problems with the WTO in the second week of September.

The Brazilian Government will also have to justify before the WTO Balance of Payments Committee the adoption of Provisional Measure 1204 establishing a car regime and import quotas on cars. Since Brazilian foreign reserves have increased, it will be difficult for Brazil to argue before the WTO that it has problems with its balance of payments and thus the reason for imposing import quotas to reduce its trade deficit in its current account.

GAZETA MERCANTIL has found out that the Brazilian delegation in Geneva will say that Brazil cannot rely on its foreign reserves to finance its current account deficit because a good portion of its reserves are made up of flight capital. If this is really the argument used by Brazil, it admits Brazilian reserves are not solid.

Diplomatic sources told this newspaper that the Brazilian Government realizes it adopted a hasty and mistaken measure when it imposed import quotas, mainly because the internal demand for cars dropped due to the consumption restrictive measures. It would have been wiser to increase car import tariffs from 32 to 70 percent and wait to see the effects before imposing import quotas.

The Mercosur Council of Ministers established in Asuncion a timetable of meetings with the EU to negotiate an inter-regional agreement for economic and trade cooperation. The first meeting will be held on 14 and 15 September in Brussels, with a second round on 28 and 39 September in Montevideo. A third stage, if necessary, is scheduled for October in Brussels. The agreement will be signed in December in Madrid.

Caribbean Urges U.S. To Link Economic, Security Issues

FL1008115495 Bridgetown CANA in English
2258 GMT 9 Aug 95

[FBIS Transcribed Text] Washington, D.C., Aug 9, CANA — The Caribbean member countries of the Organisation of American States (OAS) on Wednesday urged the United States to consider their economic well-being as a principal pillar of hemispheric security and stability.

During a press conference at OAS headquarters, Caricom [Caribbean Community] member states appealed to the United States to "live up" to its commitment to hemispheric security, as expressed in the six-point declaration following last month's defence meeting in Virginia, and refrain from taking any action which would undermine the stability and security of sister nations in the hemisphere.

Pointing to the region's greatest security concern at this time, current coordinator of Caricom affairs among regional diplomats here, Belize's Permanent Representative, Ambassador Dean Lindo said that if the United States proceeds with its investigation of unfair trading regarding the Caribbean's banana sales to Europe it will severely hurt the regional fruit business.

"We are being told that the United States wouldn't do anything to hurt the Caribbean. Quite frankly, it's nice to hear this but as far as we are concerned this is a platitude and savours of hypocrisy," Lindo said.

He pointed out that in the case of the Windward Islands, 70 cents out of each U.S. dollar earned from banana exports is spent on importing goods and services from America.

Lindo described as "the biggest joke of the century" claims by certain quarters of the U.S. government that the U.S. probe is being pursued because the limited special consideration granted to the Caribbean by the European Union "will adversely affect the commerce of the United States.

"Let me make it clear that the Caribbean poses no threat to the U.S. in terms of bananas, (the U.S. does not produce bananas), or in any other way. What we are basically facing here is a situation of need versus greed," he said, pointing to the fact that Chiquita, the company which lodged the complaint about unfair trade, already controls the lion's share of the European banana market.

Current chairman of he OAS Permanent Council, Jamaican permanent representative, Dr. Richard Bernal, referred to the scourge of drug trafficking which he said has been intensifying with the end of the cold war and which he said cannot be dealt with only through legal and law enforcement means.

"This problem speaks to the question of economic security. We will not eradicate this trade if we do not provide long-term, viable economic alternatives," Bernal said.

Bernal said any disruption to the banana industry in the Caribbean would impact negatively on employment, export earnings, nutrition, development and social stability in the region.

Editorial Urges Caricom To Uphold Civil Society Charter

FL1008150595 Bridgetown CANA in English
1356 GMT 10 Aug 95

[All quotation marks as received]

[FBIS Transcribed Text] Bridgetown, Barbados, Aug 10, CANA — Following is the text of editorial in Thursday's Daily Nation:

"The latest bizarre political developments in Trinidad and Tobago, involving the government, Parliament and the courts, have once again raised questions about the quality of governance we are willing to foster in the Caribbean Community.

When a member-nation of the Community feels compelled to resort to extreme political action, as done in Trinidad, (placing the country's capital city under a state of emergency and the Speaker of parliament under house arrest) in order to pass legislation to enable the dismissal of that Speaker, something seems radically wrong about the quality of governance in that state.

"Conspiracy" on the part of the Speaker to reduce the government's parliamentary majority has been officially advanced as a reason, rejected as false by the Speaker, and the issues and other related matters are now to be determined by the courts.

Barbados was among the Caricom states that agreed to a "Charter of Civil Society", developed on the basis of "full consultation", to be a key instrument in building more healthy, democratic societies with effective functioning of the parliamentary system and morality in public affairs.

Unfortunately, laudable as the objectives (the guiding principles of the Charter) are, the majority of Caricom states continue to drag their feet in giving the necessary national consultations and ensuring legislative endorsement.

Is it that they feel incapable, or unwilling, to live up to the principles outlined in the Charter that they had originally warmly embraced as a major recommendation of the 1992 West Indian Commission?

We urge all of our Community governments to publish and give wide circulation to the revised Charter of Civil Society for Caricom and engage sustained national dialogue to shape the final Charter for the earliest implementation across the region.

Our Caricom governments cannot be expected to be treated seriously in their call for a "New Global Human Order" without seeming to be committed to the realisation of the proposed Charter of Civil Society for all members of the Community.

The preamble of the Charter explains the determination of our governments to, among other factors, "enhance public confidence in governance; create a fully participatory political environment which will be propitious to genuine consultation in the process of governance..."

If others wish to remain silent, or ambivalent on the Charter, then perhaps we should hear from Government here on what is being done to promote interest in and endorsing the Charter."

Cuba

Foreign Ministry Warns Against Violation of Borders

PA1008201295 Havana Radio Rebelde Network in Spanish 1700 GMT 10 Aug 95

[Report by Zenayda Costales, from the "National Radio News" newscast]

[FBIS Translated Text] Foreign Relations Ministry officials confirmed that they had learned about U.S. press reports quoting statements by the U.S. Department of State warning Cuban-American nationals living in the United States against resorting to provocative actions.

The sources themselves presume that the statements by the U.S. Department of State reflect a serious disposition on the part of the U.S. Government.

On the other hand, Foreign Ministry officials stated to PRENSA LATINA that Cuba once again confirms its stand, which was already expressed in a communique issued on 14 July.

The 14 July communique points out that any sea vessel can be sunk or any aircraft downed if they violate Cuban borders.

This issue was extensively covered by Foreign Ministry spokesman Rafael Dausa during a meeting with local and foreign journalists accredited in the country.

The Cuban Foreign Ministry official explained that he was unaware of what prompted the public announcement by the U.S. Department of State and reaffirmed that the important point in all of this is to know the Cuban Government's position on the issue.

[Begin Dausa recording] We will not...[pauses] we will take action accordingly, and of course, we will not allow any violation to our air and sea borders. We are in a position to adopt any measure we believe appropriate to repel any type of incursion. In this respect, I believe that the manner in which the warning was made by the U.S. Department of State, through a public announcement, was to basically warn these people in Miami that Cuba's warning should be taken seriously and that the United States would not be in a position to do much should Cuba decide to adopt any measures. I believe that the announcement is prudent. Now, insofar as the significance of this announcement, I believe that undoubtedly, the closing part of our 14 July communique also pointed out something that is equally important. Our note states: The responsibility of whatever may occur will fall exclusively on those who encourage, plan, execute, or condone such acts of piracy. [end recording]

The Cuban Foreign Ministry reiterates our position with respect to the possible violation of Cuba's territoriality by right-wing groups in Miami.

Foreign Ministry Denies Change in U.S. Policy

PA1008203495 Havana PRENSA LATINA in Spanish 1831 GMT 10 Aug 95

[FBIS Translated Text] Havana, 10 Aug (PL) — The Foreign Relations Ministry today denied in this capital that the United States has changed its policy toward the island and underscored Washington's persistent negative gestures toward Cuba.

Rafael Dausa, local spokesman for the Foreign Relations Ministry, told the local and international press that an alleged U.S. interest in rapprochement with Cuba is a distortion of the truth.

Up to now, the true gesture has been in favor of strengthening the blockade, which is being maintianed against the logic inherent in the 20 August 1994 measures, with the obvious intention of using the so-called Track Two of the Torricelli Law for internal subversion ends.

Dausa recalled that the United States declared that it was in agreement with the general goals of the Helms-Burton draft bill, which is currently being discussed in the U.S. Congress and which seeks to strengthen the blockade against Cuba. The U.S. Government only disagrees on how its approval will affect relations with third countries.

Cuba will not tolerate any disguised attempt toward internal subversion because Track Two only seeks to sweeten those aims, he said.

In reply to another question, the spokesman denied attempting to prevent the return to Havana of Indamiro Restano, recently released after completing part of his term for crimes against state security.

Restano is abroad, and all we know is that he has requested authorization for his wife to travel to France, which the Cuban Government does not object to, provided Paris grants the corresponding visa, he clarified.

Asked about yesterday's State Department statement warning Cubans residing in Miami against any attempt to violate Cuban water or air space, such as on 13 July, he explained that Cuba clearly does not intend to allow such actions to take place.

On 13 July, several boats and small airplanes from the United States illegally crossed Cuban borders.

We shall take all measures to prevent a further provocation of this type, now announced by these groups for

2 September, and we remind you that the responsibility of what may happen falls on those who encourage, plan, execute, or condone such acts of piracy, he ended.

'Straight Talk' on U.S. Good-Neighbor Policy

FL0908181195 Havana Radio Rebelde Network in Spanish 1600 GMT 8 Aug 95

["Straight Talk": Studio discussion between program host Osvaldo Rodriguez and Luis Sexto, from BOHEMIA magazine — live or recorded]

[FBIS Translated Text] [Rodriguez] We recently addressed the enemy's strategy to destroy the Cuban Revolution. We have felt the economic blockade's impact — particularly in our stomachs — for 35 years, yet the real effects have come to light within the last five years. I have invited BOHEMIA correspondent Luis Sexto here today to discuss the strategy of extending a friendly hand as a method to destroy the Revolution. This strategy — as Luis mentioned during the last program — is very old. It comes disguised as the good neighbor policy; therefore, many Cubans are not aware of it. In addition, many are fooled into thinking that the friendly hand extended to us will help end our economic problems.

[Sexto] Friendly hands can always be deceiving. We cannot ignore that a trap can be concealed behind a smiling face, not only in politics but also in personal relations. However, in the world of politics it is much more dangerous, because the impact hurts the whole nation and society.

[Rodriguez] It is not always true. I would say that there is danger when the enemy smiles, but not all smiling faces are dangerous.

[Sexto] I believe that our listeners have understood me. Sometimes a smiling face can be deceiving. I like people who offer me a smile: I trust them. That smiling face could be mere bait — especially in the political arena — since we usually trust those who offer us a smile. The enemy can hide behind smiling faces. I believe that this the purpose of some intelligent people in the United States.

However, the blockade against Cuba will end when other friendly hands are able to show all U.S. dominant interests that they will be better off ending their violent and hard policy against Cuba. When everyone interested in maintaining U.S. hostility toward Cuba realizes that a hostile policy is not helpful, then they will agree that changes are needed.

Many believe that Cuba is too weak to resist or confront a battle on the diplomatic or cultural fronts. They trust that Cuban society will not resist the power of U.S. ethics, which call for individualism and consumerism, due to Cuba's weakening in recent years. They believe that Cuban people — after years of shortages — are eager to consume and have legitimate goals that have been postponed for too long. Therefore, they trust that this is the timely opportunity to infiltrate their ethics of individualism and selfishness and have people in Cuba racing to achieve individual well-being.

[Rodriguez] We can take a step back and watch the two positions in the United States. Perhaps those people who embrace this policy think that an alleged invasion of products — given the needs of the Cuban people — might provide temporary relieve and weaken their will.

[Sexto] It could perhaps be true from an abstract standpoint.

[Rodriguez] From the outside, of course, that is what I meant.

[Sexto] From the outside, it might be true.

[Rodriguez] However, they do not realize that they are trying to do that to the wrong people.

[Sexto] We have to contemplate the real circumstances and real men who will face this policy.

[Rodriguez] Also, we will be going against logic.

[Sexto] Indeed.

[Rodriguez] I believe that we should go against logic and take advantage of this friendly hand. It looks like this policy might prevail in the United States; therefore, we should take advantage of the friendly hand and turn it into a true friendly hand to benefit us all.

[Sexto] It all depends on our intelligence and our position before friendly hands. Yet, we cannot yield to the pressures of friendly hands. The pressure will be soft, but we cannot give up. We must be totally clear when we speak of methods to destroy the Cuban Revolution. When someone destroys the Cuban Revolution, it also destroys the Cuban nation. Currently, there is an exact parallel between Revolution and nation. The Cuban Revolution will save the Cuban nation. The Cuban Revolution is precisely the one to rescue the Cuban nation from neocolonialism, oppression, and dissolution. The Cuban Revolution has protected the nation's values for 35 years.

We have been an intensely patriotic nation for more than 100 years, our nationalistic sentiments consolidated through war and sacrifice.

[Rodriguez] What do you mean by the nation's destruction? Will they wear us down as a nation? Or will they try to colonize our minds?

[Sexto] They will try to quash our sentiments and dismantle our nation. Cuba may be able to retain its president, seal, and flag under U.S. authority, but its nationalistic sentiments will slowly dissipate until it ceases to have a national identity. Our fatherland will die. They will try to replace nationalistic sentiment with capitalist ethics.

Some Cubans are concerned about some of the measures that Cuba is taking, measures that are reasonable and necessary to survive. Some of them believe that Cuba is heading toward capitalism, a subject we can discuss later. However, I want to stress that the United States is truly the one trying to impose capitalism on Cuba. It would be unfortunate if Cuba were to end up with capitalism, if the United States returned to its old position and realized its old hegemonic dream of Cuba. Nobody would care about providing free and massive medical care or education or offering electricity to 95 percent of Cuban families. Capitalism, at least in our situation, does not care about these issues.

[Rodriguez] Yes, because we are a Third World country. You were saying something interesting about taking or trying to take away our sovereignty. History shows that they have done this in the past, as you also explained during the last program. Penetrating our economy may be a good way to take away our sovereignty: If they gain control of our economy, they will finally have total power over us. What do you think?

[Sexto] This is true. But I ask you: Will we, Cubans, allow them to take economic control? We can assume that in the future — we do not know when, perhaps two, three, or 10 years — Cuba will establish relations with the United States. We might also have to accept the fact that U.S. investors in Cuba may end up contributing to our economy. However, this does not mean that they will take over our economy. Cuba and the Cuban people will face the challenge of maintaining Cuba's integrity when the time comes, despite the offer of a friendly U.S. hand; despite maintaining relations with the United States; and despite the presence of U.S. investors, U.S. tourists, and a cultural exchange. We aim to preserve national integrity.

[Rodriguez] We have modified our investment laws to try and draw more countries into investing in Cuba to meet this goal. This will help ensure that the day that U.S. businessmen arrive, they will not take over as sole owners of the country.

The Revolution and our cohesive principles are our people's fundamental weapons in facing a challenge that we will have to face sooner or later. These are the primary weapons needed to counteract the offensive of an enemy that will invade us with its individualist and selfish ethics.

[Rodriguez] And consumerist ethics.

[Sexto] This is true. Several Cuban social scientists have warned of this. Our essential weapon is maintaining the Revolution's ethics, our humane and cohesive principles. We must also maintain a strong state, a state that does not weaken, a state that continues to control fundamental Cuban economic mechanisms.

We cannot yield on certain political areas. We cannot believe in multiparty systems. Cuba must be unified even more when the time comes. Its must be more united in its efforts so that it can resist an offensive that goes beyond the use of regular weapons, war, or blockade.

We must also make this clear so that nobody is fooled into thinking that the friendly hand policy will solve Cuba's problems. Things will not magically appear. Our economy will not suddenly improve when relations with the United States improve. Our efforts will not immediately crystallize. Economic problems will remain. While the blockade's end will make things easier, there will not be an immediate solution to all our problems.

[Rodriguez] You said that they will attack our ethics. I recall discussing something like this with some colleagues and the commander referring to this during his 26 July address. They are trying to penetrate what they consider pervious sectors of society, professionals in humanistic fields. They have given them scholarships and are trying to, quote, train them. They are not going to train doctors, scientist, or anyone involved in the technological field, thus not allowing them access to cutting edge technologies. They are only training those people involved in the humanistic field. Do you think that has something to do with attacking our ethics?

[Sexto] Yes, of course, because the people involved in the humanistic field influence ideology and public opinion. It is logical. They are trying to penetrate this field because it influences public opinion in Cuba. Truly, I think that our principle cause is independence. We must subordinate everything to that cause, even our lives.

[Rodriguez] Many thanks to Luis Sexto for talking about the friendly hand policy, which is also trying to destroy Cuba's Revolution. Furthermore, if this policy were to be successful over there, in the United States, it would never be successful here, in Cuba, because it will never destroy us.

Commentary on Canadian Senate Rejecting U.S. Blockade

PA1108042695 Havana Radio Havana Cuba in Spanish 0000 GMT 8 Aug 95

[Commentary by Roberto Morejon; from the "Evening Information Review" newscast]

[FBIS Translated Text] A few hours before dozens of thousands of young Cubans and foreign young guests marched along the Sea Wall in Havana demanding the end of the U.S. blockade against Cuba, the Canadian Senate urged the government to reject the U.S. boycott against Cuba, even if it meant taking retaliatory measures.

Meanwhile, during a news conference, Spanish Ambassador to Cuba (Eduardo Mirapeix) stressed the EU's firm opposition to the Helms-Burton Bill and Torricelli Law, the latter in force since 1992, both aimed at intensifying the U.S. blockade against Cuba.

This statement reflects a position maintained by countries of undeniable international weight and youth organizations from many parts of the world rejecting measures that are contrary to international law and the World Trade Organization's principles.

The Canadian position also shows that some legislative sectors disagree with U.S. attempts to chose trade partners for third countries.

In its annual report on free trade with Latin America, the Foreign Relations Committee of the high chamber of the Canadian Parliament clearly noted what it defined as the main obstacle for Ottawa's investments in the island; in other words, Washington's hostile policy.

Beside the legitimate reasons Canada might have to defend its right to make business and invest in countries it finds fit to, there is an additional reason for the aggravation publicly expressed by the Canadian Senate: the U.S. Department of Treasury included three Canadian companies of the mining and metallurgical (Chervex Corporation), in a black list for trading with Cuba. This firm and the Cuban Nickel General Company [Compania General de Niquel de Cuba] established a joint venture called Moaniquel, Inc., which is expected to yield a growing production of nickel sulfate and cobalt. Furthermore, it is estimated that its profits will reach hundreds of thousands of dollars.

Regarding the EU's repeated rejection of the U.S. blockade against Cuba, it can be stressed that individually, all European countries allow businessmen to invest in Cuba and in no case are they willing to permit the cancellation of those operations by orders from a foreign government.

In Cuba, more than 1 million young visitors who attended the International Cuba Lives Festival were able to see the effects of the blockade on the everyday life of Cubans, with whom they shared happiness and shortages for a week.

The ultraconservative Republican majority of the U.S. Congress and the extreme right Cuban immigrants have just received new signals showing how much the international community rejects their measures aimed at reinforcing the U.S. blockade against Cuba.

Robaina To Attend Caribbean Heads of State Summit

FL1008221195 Havana Radio Reloj Network in Spanish 1946 GMT 10 Aug 95

[FBIS Translated Text] Foreign Minister Roberto Robaina will soon travel to Trinidad and Tobago to participate in the first Heads of State and Government Summit of the Association of Caribbean States, headquartered in Port-of-Spain. Foreign Trade Minister Ricardo Cabrisas and high-level officials will depart on Saturday, ahead of Robaina, to participate in a technical meeting prior to the 17-18 August summit.

The Ministry of Foreign Relations [Minrex] spokesman, during the regular Thursday meeting with reporters, also announced that the joint intergovernmental commissions of Cuba and Zambia are currently meeting in Africa. This will be followed by similar meetings with Namibia and Equatorial Guinea.

There was also a meeting of international affairs reporters from the Union of Cuban Journalists at the International Press Center, where Carlos Zamora, director of the Minrex's America Desk, gave a briefing on the Trinidad and Tobago summit.

CTC Launches Campaign To Prepare for 17th Congress

FL1008021795 Havana Radio Rebelde Network in Spanish 2300 GMT 9 Aug 95

[From the "Exclusive" program]

[FBIS Translated Text] The Cuban Workers Federation [CTC] has launched a propaganda campaign to prepare for the 17th CTC Congress slated for spring 1996. The role of the unions and its members, under the new circumstances experienced by Cuba, especially in the wake of the current and future economic transformations, are the main focus of the campaign.

It is important to remember how at the beginning of 1990, the preparations for the 16th CTC Congress marked a new phase in the political efforts of the workers' movement. At the time, already engaged in the period of rectification of errors and negative tendencies, the unions began playing a more active role. The need to be more efficient in the reorganization of our financial system and the presence of joint enterprises have undoubtedly conditioned the emergence of a position even more committed to the revolutionary strategy of defending collective interests, as well as individual ones, of course. It is redundant to stress that the workers will participate closely in the preparations for the 17th Congress.

A process of municipal assemblies will begin in September to give voice to any issues that might arise at the work centers.

[Subtext] Expectations for this new gathering of workers: the ideological firmness of a CTC that has reached full maturity on the 75th anniversary of its creation.

CTC Notes Importance of Retaining Qualified Work Force

FL1008160495 Havana Radio Rebelde Network in Spanish 0900 GMT 10 Aug 95

[From the "Doing Radio" program]

[FBIS Translated Text] The Cuban Workers Federation [CTC] has reiterated the importance of retaining qualified work force, during Cuba's work-force reorganization. As an example CTC Secretary General Pedro Ross Leal stated that four years ago the Construction Ministry reduced 60,000 jobs and today they are looking for masons, carpenters, plumbers, and other tradesmen needed to complete ongoing projects.

As an example and not criticism — because the cases we are going to talk about have already been resolved — the following statements made by Ross stress the importance of taking care of the work force.

[Begin Ross recording] Someone mentioned that [words indistinct] it was said like that, but it has some importance. We had to struggle so that the opposite would not happen. I use the word struggle in a fraternal sense. We had to struggle, to make sure things were done the right way. Just a few months ago, there was a project calling for the disappearance [words indistinct] and 154. This implied over 800 captains and copilots, in any case a great number of workers. [Words indistinct] they were going to loose their jobs. It was said that it was not profitable. I found out about all of that [words indistinct] in regards to that problem. The next day we were in Comrade Acevedo's office. I informed him of what was happening, that the Cuban [words indistinct] had that project and they were about to apply it. They had not discussed it with the union or with the party [Communist Party of Cuba] at the airport. It had [words indistinct]. In any case, from those discussions onward, they rethought the project over. Today, the captains of the [words indistinct] since they can operate [words indistinct]. The problem was solved.

Two years ago the Merchant Marine was going to dismiss almost 2,000 workers. These were captains, petty officers, chief engineers, and assistants. We said no and asked why? We had reasons to argue against that measure. After that the [word indistinct] happened and one of the Transportation Ministry's main sources of generating foreign currency during 1994 and 95 had been these workers, and they were about to loose their jobs. They were going to loose their jobs! Today, in the Merchant Marine sector there is great demand for officers, petty officers and even for sailors, as well as for fishermen. We cannot throw workers over the side, as they were trying to do. Those are just two examples, but there are more. [end recording]

The reorganization of the work force and the attention given to available workers is one of the CTC 's main concerns.

Ross Urges UBPC Farmers To Fulfill Five-Point Program

FL1108022395 Havana Radio Rebelde Network in Spanish 2300 GMT 10 Aug 95

[Report by Sancti Spiritus correspondent Humberto Concepcion; from the "Exclusive" program]

[FBIS Translated Text] Pedro Ross Leal, secretary general of the Cuban Workers Federation [CTC], has called on Basic Cooperative Production Unit [UBPC] farmers to fulfill what he called the five points of the star. The workers movement will present a banner to those UBPC's that meet their goals in linking workers to the area; completing its labor force; increasing self- sufficiency; completing housing units; and other requirements in connection with the forthcoming 17th CTC Congress.

Machado Ventura Tours Camaguey Province Sugarcane

FL1108004695 Havana Radio Rebelde Network in Spanish 2300 GMT 9 Aug 95

[Report by Camaguey correspondent Miosotis Favelo Pinares; from the "Exclusive" program]

[FBIS Translated Text] [Favelo] Politburo member Jose Ramon Machado Ventura toured several sugarcane areas in the southern region of Camaguey Province, an area which has five mills, three of which are potentially strong producers. In Vertientes Municipality, Machado inquired about the progress of the renovations at Panama Complex, one of the most extensive ever in the history of the mill. There, Machado Ventura talked with the workers about the scope and importance of the work being done, and urged them to make as much progress as possible.

[Begin recording] [Machado] The investment is heavy. There is need of a margin to test it by the end of November.

[First unidentified speaker] Another 20 days.

[Machado] Yes.

[Second unidentified speaker] We are truly committed to the beginning of the harvest process; all the renovations are in line with the restart of the mill.

[Machado] This is all very synchronized. There is talk of the end of November, or the beginning of December, right?

[First unidentified speaker] On the 15th.

[Machado] And ending by mid-April.

[First unidentified speaker] April 19th.

[Machado] This means that there is more sugarcane than expected — well, it is very difficult to restart the other tandem.

[First unidentified speaker] This, together with other investments in improving the power system of the mill, will make things all the better.

[Machado] All this comes together in a positive way. Everything that was previously negative have now become positive. That is good.

[First unidentified speaker] The power system will improve the efficiency. [end recording]

[Favelo] Later on, Machado Ventura, accompanied by Carlos Diaz Barranco, first secretary of the party in Camaguey, visited the Pajones consolidated military farm, one of the 13 farms in the province engaged in sugarcane production. In the fields, Machado sp oke with the young members of the Youth Labor Army and was briefed on sugarcane expectations for future harvests.

[Begin Machado recording] [Machado] That is the trick. You took care of it. One can see it! It will yield good results. It is not an issue of miracles, it is an issue of hard work. If you tended it like it is supposed to be tended, if you gave it some fertilizer and replanted it and weeded it correctly, it has to work out.

[First unidentified speaker] The marabu weeds were eradicated.

[Machado] Removing the marabu and everything else helps the harvest in the end because it allows the combines to cut more efficiently. All this helps. [end recording]

[Favelo] At the end of the visit, Machado Ventura gave his opinion to reporters.

[Begin Machado recording] The sugarcane harvest comprises many things, not only sugarcane farmers. Everything is engaged to help the harvest, given its scope and the huge delays and limitations it has experienced. Those things affected this sector a great deal. The goal now is to overcome that. [end recording]

Municipal Workers Federation Parleys Address Reorganization

FL1008123395 Havana Radio Rebelde Network in Spanish 0900 GMT 9 Aug 95

[From the "Doing Radio" program]

[FBIS Translated Text] One of the most difficult tasks that Cuba faces is rationalizing and reorganizing its work force. This issue is being addressed at municipal-level Cuban Workers Federation [CTC] meetings nationwide. Although "Doing Radio" has already addressed this issue, it is an important enough issue that we offer the remarks and decisions on this matter from the CTC committee in Havana City Province. The representative of the provincial labor directorate addressed participants:

[Begin unidentified representative recording] Our state inspectors are finding that enterprises are taking measures without the proper authorization. As Comrade Alfredo said, this must be an orderly process and properly authorized. No enterprise can take measures or relocate any worker without authorization via a document from the Labor and Social Security Ministry, whether it is to make a worker available for relocation or to send him home. In cases where a worker is made available...[pauses] as the date of work...[changes thought] relocation, it is up to the province to authorize these cases, in any of these cases that could arise. In any case, they must have identified a relocation site beforehand; if not, we cannot authorize the worker's availability. This was seen as a problem during inspection of two or three enterprises. [end recording]

Alfredo Morales Cartaya, CTC secretary general in Havana City Province:

[Begin Morales recording] The enterprises that inspectors catch committing these acts on their own —

thereby, violating the law and policy — should be strongly penalized. It seems that the issue is just [word indistinct]; therefore, we have no recourse but to discipline anyone who wants to act on his own. [end recording]

Regarding the work force's rationalization and reorganization, our socialist state approved Labor and Social Security Ministry Resolution 6 in 1994. This resolution addresses the issue. CTC Secretary General Pedro Ross Leal:

[Begin Ross recording] The mere fact that one has been delegated the authority [representacion] via the state's socialist character and the revolutionary government does not imply that the state and revolutionary government's laws and precepts are being complied with just like that, right now. Some who have that authority do not exercise it. We do not always fulfill our role as representatives of the workers to the fullest. [Words indistinct] self-criticism [words indistinct] this continues happening, we must be very drastic. What Alfredo just said is important: We must not wait for the orders; the orders have been given; the elements are at hand; we must ensure that they are carried out; they must be carried out. We are far from having done all that can be done regarding reorganization of the work force and generating employment. [end recording]

Paco Rabanne Proposes Upscale Tourist Complex

FL1108022295 Havana Radio Rebelde Network in Spanish 2300 GMT 9 Aug 95

[From the "Exclusive" program]

[FBIS Translated Text] Renowned French couturier Paco Rabanne, who is visiting Cuba, met today with high-level Cuban officials to discuss an investment project in tourism. Paco Rabanne advised PRENSA LATINA that he told Tourism Minister Osmany Cienfuegos of his interest in opening the Paco Rabanne House, comprising a nightclub and a French-Cuban restaurant. The couturier expects the facility to attract upscale tourists and is basing his proposal on the fact that Cuba has yet to establish an infrastructure to serve that sector. In describing Cuba's short and long term tourism potential, Rabanne added that it is a great opportunity.

Military Industrial Enterprise Creates Commercial Unit

FL1108014995 Havana Radio Rebelde Network in Spanish 2300 GMT 10 Aug 95

[Report by Margarita Torres; from the "Exclusive" program]

[FBIS Translated Text] [Torres] Shifting production efforts to match the country's current situation without foregoing repairs on the Revolutionary Armed Forces' fighters and cargo planes is part of a group of measures implemented at the Yuri Gagarin Military Industrial Enterprise which, after two years, is beginning to show signs of financial recovery. Part of this effort includes the creation of the Aevis commercial unit. Its director, engineer Lieutenant Colonel Raul del Castillo Boucle, explains.

[Begin recording] [Del Castillo] The main goal of the Aevis unit is to produce hotel items and equipment. This translates into all types of carts used in tourist hotels.

[Torres] What are the figures for the first half of this year, and how do they compare with the first half of last year?

[Del Castillo] In the first half of 1994, we had revenues of 24,283 pesos, and as of 30 June 1995, we have revenues of 195,510 pesos and 28 cents.

[Torres] And the profits?

[Del Castillo] We currently have a profit of 62,000 pesos. [end recording]

[Torres] The unit's main clients are the Gaviota S.A. hotel chain, the Riviera Hotel, and The Old Man and the Sea Hotel of the Marina Hemingway chain.

Nuclear Safety Expert Santana Interview

PA1008043995 Havana Radio Havana Cuba in Spanish 0000 GMT 9 Aug 95

[Report by Beatriz Padron from the "Evening Information Review" newscast — passages within quotation marks recorded]

[FBIS Translated Text] Experts from Cuban nuclear power organizations, as well as other related organizations, have shared their experience and knowledge in the area of nuclear safety, during a workshop on industrial safety assessment and accident prevention held this week in Havana. This was a good opportunity to address this and other issues with Jose Fidel Santana, the director of the National Center for Nuclear Safety of Cuba [Centro Nacional Cubano de Seguridad Nuclear], the regulating organization for nuclear and radiological safety.

[Santana] "Our expectations for this workshop are, first of all, to present almost 10 years of work in the field of nuclear safety. This includes the application of a comprehensive safety assessment system at all nuclear energy plants. This has enabled us to assess safety levels of several systems installed at the Juragua Nuclear Power Plant. This is basically a mathematical tool that allows us to prevent any unforeseen or accidental events at the plant."

Worldwide trends indicate the need and the benefits of transferring nuclear industry knowledge to other areas of the country's economy. This fact, plus the temporary suspension of work a the Juragua Nuclear Power Plant in Cienfuegos Province due to the current economic situation, allow us to take advantage of this knowledge to ensure development in other areas.

[Santana] "We have tried to transfer our experience in providing safety and accident prevention to other industries and other advanced technological applications. These areas can now reduce their potential risk factors by applying these safety assessment principles, which we have been using since the very beginning of the nuclear energy program. The chemical and petrochemical industries, genetic engineering, aeronautics, and other activities having a certain risk factor for their personnel or for the community, can apply these same principles to make their operations not only safer, but less costly. It has been strategically proven that any safety measure that one takes, mathematically demonstrated to prevent accidents, will always tend to reduce costs on the long run for the specific application. Net profits will always improve with a much safer industrial application."

[Padron] According to specialists in this field, we can state, without hesitation, that Cuba currently has a scientific team with the professional capability to evaluate its nuclear safety knowledge and transfer its more significant results and benefits to other similar industries. The First Seminar on Industrial Safety Assessment and Accident Prevention demonstrates this purpose.

[Santana] Precisely. There is a complete infrastructure in place at each of the country's nuclear installations, with highly capable personnel, equipped with all the tools needed to ensure safety. This allows us to confirm the safety levels that the contractor must meet, before putting the plant on line. They must show us, in what is called a Safety Report, that the installations are safe.

"However, that is not enough for us. We, being ultimately responsible, will respond by examining and verifying that what the contractor affirms is in fact true. We will not grant the contractor permission to connect the plant to the system until we carry out that assessment and verify that the plant is in fact safe, prior to opening. This means he will not be allowed to begin operations.

"Not only do we have our own scientific personnel, but we also receive support from other scientific organizations. This enables us to carry out a more comprehensive assessment of the safety levels of all the plant's safety systems prior to going on line."

In addition, we have contacts with international organizations, groups, and corporations who have extensive experience in this type of study. For three of four years now, they have provided assistance and advice and helped us improve our scientific personnel. They have allowed us to compare our system with some of theirs, which are already operational. When the time comes, we will be in a position to evaluate the safety levels at the plant before it goes on line and before issuing the required operation permits.

[Padron] Given your high level of responsibility in the area of nuclear safety in the country and because it is related to this seminary and to some of the experiences being analyzed here, specifically the Juragua Nuclear Power Plant — an economic feasibility study for its future implementation is about to be completed — what is the most recent information regarding the safety of this nuclear plant?

[Santana] "[Words indistinct] completion of the plant. From our standpoint, the exploiter bears the brunt of the responsibility for safety. Regardless of that, we have already spent about 10 years [words indistinct], supervising all the works carried out at the nuclear plant, and we can have an assessment of safety. Until this [words indistinct] legal responsibility is defined in the area of safety, we will not be able to issue a final assessment; an analysis of all the information that we will receive as state representative for safety in the country.

The exploiter can be a foreigner or involve foreign participation. The plants, however, are in Cuba, and thus, we cannot allow, regardless of who the [word indistinct] might be, to operate the plant without offering safety to our country, because it is located here. The exploiter should offer safety to residents around the plant."

[Padron] That is an essential premise, in other words, in order to exploit the plant, it should be safe?

[Santana] "That is an essential premise despite the fact that the mass media, especially in the United States, are questioning the safety at the plant. We guarantee safety as representatives of the regulatory body, which is in charge of granting licenses to exploit the plant. If we cannot confirm that it is safe, if it is not demonstrated that it will have a reliable operation, we would not issue the corresponding operation license.

"The exploiter, prior to starting operation, must show this to the population and to any international organization. The latter must discuss technical issues and not be moved by political reasons; it must make a serious analysis from a technical standpoint.

"We want to ensure that this plant is safe, reliable, and that it offers guarantees to the population, that it will be operated under safety standards applied throughout the world on this type of plant."

Haiti

Presidential Decree Calls For Elections on 13 August

PA1108031295 Madrid EFE in Spanish 1525 GMT 10 Aug 95

[Report by Herold Jean-Francois]

[FBIS Translated Text] Port-au-Prince, 10 Aug (EFE) — A presidential decree has formally called the continuation of the 25 June legislative and municipal elections in Haiti this coming Sunday, while the private sector today demanded their postponement.

A decree issued by President Jean-Bertrand Aristide published Wednesday night confirmed there is no possibility of postponing the elections, which will be held on 13 August despite the rejection of most political organizations.

The main political parties, with the exception of the Lavalas Political Organization (OPL) and supporting groups have maintained their decision to boycott Sunday's electoral process to protest the June elections and demand important changes in the Provisional Electoral Council (CEP).

Even the U.S. Embassy, which previously was in favor of the electoral process, has admitted that it is very unlikely that political parties will participate in the elections.

In that sense, the Center for Free Enterprise and Democracy [Centro para la Libre Empresa y la Democracia] (CLED) asked the CEP to cancel the Sunday electoral process.

The CLED asked the electoral authorities to resume a frank dialogue with political organizations in order to conduct "a fair and honest evaluation" of the 25 June elections.

The CLED expressed its concern about the electoral process ending without legitimacy because of protests against the June and next Sunday elections.

Former Deputy Brutus Discusses 25 Jun Elections

PA1108003495 Port-au-Prince Signal FM Radio in French 1030 GMT 10 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] Duly Brutus, former deputy of the 45th Legislature, has taken a stand against the elections of last 25 June. According to the former deputy, these elections have divided the Haitian political class. Duly Brutrus says the concerned authorities should take advantage of the international observers during the latest elections to offer the best to the Haitian people.

[Begin Brutus recording, in Creole] It has been noted that it was not a democratic election, it was an election in which a sector thinks — because it is in power — that it can use its authority to impose its laws on people. We know that — [words indistinct] an experience in the Soviet Union — single parties do not make democracy; single parties do not make economic development.

So, if you impose a single party, well, you (?just) give some people the possibility of using the state apparatus to make money to the detriment of the Haitian people. If you had what I could call an opposition present within the Parliament, we would have a balance, and the president would help the people to watch.

Well, that is why we do not agree with the way the elections have been held. So, we think the presence of the UN Mission in Haiti [UNMIH] could be used first to have democratic elections, and second to provide political stability, social stability from the democratic elections; we believe this is the main condition for us to reach economic development. There cannot be economic development without stability.

Once we have stability, we can start setting up a true economic plan to put the political situation, the economic and social situation of this.... [pauses] of our country right. [passage omitted] [end recording]

Public Works Minister Resigns, Criticizes Prime Minister

PA1108032995 Mexico City NOTIMEX in Spanish 0208 GMT 11 Aug 95

[FBIS Translated Text] Port-au-Prince, 10 Aug (NOTIMEX) — Public Works Minister Anthony Barbier resigned today in protest for the participation of Prime

Minister Smarck Michel in the inauguration ceremony of several mayors.

Barbier handed his resignation to Prime Minister Smarck Michel, whom he criticized for having assisted, in the name of the government, to the investiture of a number of mayors elected in the 25 June legislative, municipal, and local elections.

The former Public Works Minister, member of the Nationalist Progressive Revolutionary Party of Haiti (PANPRA) believes that Michel, in this way, endorsed the mayors chosen in elections which have been criticized by a number of political organizations and social sectors.

The PANPRA, in statements to the international news media blamed the administration for the electoral crisis which the nation is experiencing, following Michel's presence in the investiture of the mayors.

This week, Michel was present in the swearing in of the Port-of-Prince Mayor, singer Emanuel Charlemagne, an independent candidate supported by the Lavalas group.

The Prime Minister of Haiti also participated in the investiture of Patric Norzus, elected in the Delmas Municipality northeast of the Haitian capital.

At this moment, some 20 opposition political parties are demanding the annulment of the 25th of June elections because they believe the electoral authorities favored the Lavalas Political Platform (PPL) which is close to President Aristide.

Sunday's elections will conclude only the first round of the legislative and municipal elections before proceeding with a second round in those districts in which none of the candidates receives 50 percent of the votes.

Cantave Resigns From Post of Bajeux's Chief of Cabinet

PA1008221495 Port-au-Prince Signal FM Radio in French 1030 GMT 9 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] The person in charge of political affairs at the National Congress of Democratic Movements [Conacom], Dr. Dunois Eric Cantave, tendered his resignation to Culture Minister Jean-Claude Bajeux, the second in command of Conacom, who he served as chief of cabinet.

Protesting the results of the 25 June elections, Cantave indicated that he could not make himself party to what he calls a parody of democracy, which will have — in his opinion — no other virtue but to maintain an unstable sociopolitical climate unsuitable for the promotion of investment and for the establishment of viable democratic institutions.

Coalitions of Mayors Sworn In 8 Aug

PA1008222695 Port-au-Prince Signal FM Radio in French 1030 GMT 9 May 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] Two coalitions of mayors elected during the 25 June elections were sworn in on 8 August at the Law Courts in Port-au-Prince, in the presence of the most senior member of the Civil Court in the capital, Attorney Roger Milord. These were the coalitions of the communes of Delmas and La Gonave headed respectively by Patrick Norzeus and Luc Leblanc.

In his address, new Delmas Mayor Patrick Norzeus stated that the time is not appropriate for daily political destabilization or serial coups d'etat. He invited all the country's democrats to work together in order to put Haiti again among the world's democratic nations.

Describing the presence of his predecessor Kennedy Blain at this ceremony as support for the results of the 25 June elections, Mayor Norzeus announced that the city halls of Delmas and Port-au-Prince are going to work closely together in order to help the other city halls within the framework of the decentralization policy.

The swearing-in ceremony also took place in the presence of the new mayor of the capital, Emmanuel Charlemagne, who was sworn in last Friday, 4 August; Wesner Emmanuel, senator-elect for the Department of the West; and numerous partisans of the Delmas mayor. [passage omitted]

Paul: Port-au-Prince Mayor Charlemagne 'Anarchist'

PA1008233395 Port-au-Prince Signal FM Radio in French 1030 GMT 10 Aug 95

[From "The Waking Up Newscast"; report by Jean Lemy Saint-Cyr; passages within quotation marks in Creole]

[FBIS Translated Excerpt] Former Port-au-Prince Mayor Evans Paul denounced on 9 August during a press briefing the behavior of Mayor-Elect Manno Charlemagne which, he said, borders on that of former Mayor Franck Romain. Paul said that the new mayor wants to fight him at all costs by denouncing drastic measures against former employees of City Hall, for instance, the issuance of arrest warrants against some people who were working at City Hall under the previous administration.

The new mayor should first and foremost make an inventory of all that was within City Hall so as to determine whether there are things missing or not, Evans Paul pointed out during his first public statement following the installation ceremony of Manno Charlemagne at the City Hall of the capital. The following is a report by Jean Lemy Saint-Cyr.

[Begin Saint-Cyr recording] "No matter what administrator takes up a new office, one of the first things he has to do is an inventory of all the resources existing within the administration. This is a statement by former Port-au-Prince Mayor Evans Paul, who was addressing new Port-au-Prince Mayor-Elect Manno Charlemagne in a news conference on Wednesday, 9 August.

"Evans Paul stated that if he had to give explanations on his management during his term at the head of Port-au-Prince City Hall he would not have to provide those explanations to Manno Charlemagne, but instead to the institution competent to do this. [passage omitted]

"The National Front for Change and Democracy [FNCD] spokesman describes the new Port-au-Prince mayor as someone who was elected in rigged elections. Evans Paul said he does not know on what Manno Charlemagne has based his orders to arrest a certain number of workers at City Hall. He denounced Charlemagne for having allegedly personally signed a warrant for the arrest of Monfleury, who is currently an employee of the city. Paul says no inventory was made before this arrest. He labels those practices as acts of banditry and compares them to the practices of Franck Romain. [passage omitted]

"The former mayor says that new Port-au-Prince Mayor Manno Charlemagne does not have a program and that the only thing that interests him is fighting Evans Paul, according to Paul. Evans Paul, who did not forget to criticize Charlemagne, said that he has been in the struggle for 20 years, that he is now ready to face whatever might happen to him, that he will not withdraw from the struggle, and that he will never face Manno Charlemagne, whom he calls an anarchist. [passage omitted]" [end recording]

IDB Announces Swiss-Fund Project Support

FL1008235795 Bridgetown CANA in English
2052 GMT 10 Aug 95

[FBIS Transcribed Text] Washington, Aug 10, CANA — The Inter-American Development Bank (IDB) has announced the approval of $1,515,500 in financing to strengthen and expand services for microenterprises offered by three non-government organisations in Haiti. The resources, from the Swiss Fund for Technical Cooperation and Small Projects, consist of $775,000 in loans and $740,000 in grants. The IDB administers the Swiss Fund.

Fonds Haitien d'Aide a la Femme, an affiliate of Women's World Banking, that is active in four women micro-entrepreneurs and a $215,000 grant for institutional strengthening. [as received] Societe Haitienne d'Epargne et de Credit, an open membership credit union that mainly serves micro-entrepreneurs in the Port-au-Prince area who are excluded from the formal banking system, will receive a $325,000 loan to expand its financial services and a $272,500 grant for institutional strengthening.

The Organisation for the Rehabilitation of the Environment, which provides agricultural supplies to very small farmers, will receive a $150,000 loan for the purchase of inventory seed stock that will allow production of high-yielding crops that are resistant to temperature and disease. It will also receive a $253,000 grant for institutional strengthening.

PAN Studying Possibility of Returning To Dialogue

PA1008184495 Mexico City XEW Television Network in Spanish 0430 GMT 9 Aug 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Gonzalo Altamirano Dimas, president of the National Action Party [PAN] in the federal district, said that the party's National Executive Committee will meet in the next few days to analyze the possibility of returning to dialogue on political reforms.

Altamirano Dimas said in a news conference that the recent elections are not a determining factor on returning to a dialogue. Nevertheless, he clarified, they are a frame of reference that cannot be overlooked.

[Begin Altamirano recording] Elections alone are not the determining factor on whether the PAN returns but should serve as an important frame of reference together with the other reasons that forced the PAN to walk away from the reforms discussions. [end recording]

The federal district PAN leader said:

[Begin Altamirano recording] I do not agree with quick-fix solutions and that we return as if nothing had ever happened. To not return is also not advisable. I think that neither of these two extremes are positive for the country's political life. [end recording]

He added that the change in power in local governments is viewed with great optimism, especially because of elections in the upcoming months.

Governor: Chiapas People Recover Confidence in Government

PA1008213795 Mexico City NOTIMEX in Spanish 2129 GMT 7 aug 95

[FBIS Translated Text] Tuxtla Gutierrez, 7 Aug (NOTIMEX) — Chiapas Governor Julio Cesar Ruiz Ferro said today that the people of Chiapas have recovered confidence in the federal and state governments after they attended to the demands that originated in the armed conflict in this southeastern state.

Interviewed by NOTIMEX, he said that true peace will be signed based on the unity and work of all the people of Chiapas, "who slowly but surely have normalized their lives despite the threats of war by the Zapatist National Liberation Army (EZLN), which no longer worries anyone."

He said that in the event the dialogue between the government and EZLN delegates breaks down, "we know that clashes such as those that took place at the beginning of 1994 will not take place because the Zapatists' force and credibility among its rank and file has weakened."

He said that the idea is to overcome adversities generated by the Indian uprising, which lost the flags they brandished on social justice and democracy because of President Ernesto Zedillo's interest in wanting to help not only those who live in the area between the mountain ranges, but the rest of the rural communities.

For this, he said, federal and state authorities will carry out an "intense and aggressive" program in what was once the area of conflict, now known as the area between the mountain ranges [region de las canadas], in order to furnish it with public services.

Ruiz Ferro mentioned that so far, during 1995, 2.5 billion new pesos (more than $403 million) — in addition to the state budget — have been earmarked to improve the Chiapas people's standard of living.

He commented that financial support allowed the building of roads, clinics, health centers, electric and potable water networks, and the repair of schools.

Chiapas, he went on, is the only state that has increased the number of people insured under the health services and has granted the largest amount of credits among coffee growers, which means that work is being done, even though there are some who do not want to see it that way.

"This has permitted detente to become consolidated and has allowed headway in the reconciliation of sociopolitical sectors whose representatives have understood that Chiapas cannot be held hostage to the dialogue and its participation to win the decisive battle is necessary," he said.

Regarding the possibility of the EZLN becoming a political force and deciding to take part in October's electoral process, Ruiz Ferro said that "they will be welcome; it will be a situation that the state government will look on with favor."

Roundup of Mexican Economic Developments

PA1108012895

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 10 Aug 1995.

The Committee of Prices for Petroleum, Natural Gas, and Petrochemical Products, beginning today, lowered the price of fuel oil used in the country's production and shipping centers, according to a 1 August report datelined Mexico City. Pemex explained that the adjustment was made according to the fluctuation of fuel oil prices in the Gulf of Mexico and the Pacific coast. (Mexico City NOTIMEX in Spanish 2149 GMT 1 Aug 95)

Exports from the state of Durango reached $397 million from January to June and that this amount represents a 44-percent increase over the state's exports for the same period of time in 1994, according to a 1 August report datelined Durango. Eduardo Fuhrken Pinelli, the state's secretary for industrial and commercial development, said that the maquila (assembly plant sector) alone will export an estimated $145 million this year. This industry includes 87 enterprises and 18,183 jobs, 90 percent more than three years ago. (Mexico City NOTIMEX in Spanish 2029 GMT 1 Aug 95)

An estimated 13.8 million Mexicans are unemployed. (Mexico City Radio Red Network in Spanish 0000 GMT 1 Aug 95)

Mexico's GNP will have experienced a 4.4 percent reduction at the end of this year, the financial group Serfin has reported, according to a 1 Aug report datelined Mexico City. The group also reported that during the second quarter Mexico's economy shrank by 6.7 percent. Finally, the group said that a more favorable macroeconomic environment for enterprises and consumers will be created in 1996. (Mexico City NOTIMEX in Spanish 0147 GMT 2 Aug 95)

The profits of the Bancomer Financial Group, Mexico's second largest, experienced a drastic reduction of 34.4 percent in the first quarter this year in relation to the same period of time in 1994, according to a 1 August report datelined Mexico City. The National Banking Commission has reported that the local banks' overdue loans portfolio has reached 96 billion new pesos ($16 billion), which represents approximately 15 percent of the total portfolio of all banks. (Madrid EFE in Spanish 0055 GMT 2 Aug 95)

Bancomer, Bank of Commerce, registered 212.7 million new pesos in profits for the second quarter 1995, according to a 1 August report datelined Mexico City. This amounts to revenues 20.3 percent lower than those obtained during the same period in 1994. The capitalization index during the first semester was of 10.14 percent. In addition, it was reported that the total of credits for the first 1995 quarter increased 31.8 per cent in comparison to 1994. (Mexico City NOTIMEX in Spanish 0039 GMT 2 Aug 95)

Interest rates have dropped. Interest rates on Cetes, treasury certificates, payable in 28 days were reduced 2.50 percent and will pay an annual rate of 36.09 percent; Cetes due in 91 days dropped 1.19 percent, and will pay 36.81 percent; Cetes payable in 182 days will pay 37.49 percent; and cetes due in 364 days were reduced 1.21 percent and will pay 36.29 percent. (Mexico City XEW Television Network in Spanish 0430 GMT 2 Aug 95)

The Mexican Association of Studies for Consumer Protection in its monthly report says that for the first time this year, prices of the basic food basket remained unchanged in July. The 87 products continue to be priced at 909.96 new pesos. (Mexico City Radio Red Network in Spanish 0000 GMT 2 Aug 95)

During a first meeting between financial authorities and bank debtors, the Association of Mexican Bankers stated they cannot eliminate the much criticized capitalization of interest to the debtors because if this measure were adopted, the country's financial system would go bankrupt in a year. On behalf of the banking sector, Adolfo Lagos admitted the failure of the Investment Units in light of the public's lack of trust. In response to criticism by senators, who accuse the banking sector of not sacrificing with the people and of being unwilling to sustain losses, Lagos explained that the banking institutions are sustaining losses in both credit cards and mortgages. Banking sector's figures revealed that the sector's total portfolio amounts to $244 billion new pesos, of which 44 percent — 96 billion new pesos — constitute overdue portfolio. On behalf of the Finance Secretariat, Fiscal Prosecutor Tomas Ruiz justified the capitalization of interest by the banking sector by saying that there is no legal mechanism to protect institutions from the debtors' failure to meet their obligations. These figures also indicate that thus far, the banking sector has restructured 40 billion new pesos, that is, 42 percent of its overdue portfolio via regular methods, while it has only restructured 3 billion new pesos via Investment Units, UDIs. (Mexico City Radio Red Network in Spanish 0000 GMT 2 Aug 95)

The value-added tax generated by the Export Maquila Industry for the first five months of 1995 registered an accumulated annual growth of 16.1 percent in real terms compared to figures for the same period in 1994, according to a 3 August report datelined Mexico City. In a communique, the National Institute of Statistics, Geography and Information Science (INEGI) explained that wages, salaries and benefits represented 51.4 percent of that total value; profits represented 15.2 percent; assorted expenses, including the rent of equipment, buildings and land, power and telephone bills, 27.6 percent; and raw materials and packing, 5.8 percent. The document stressed that six activities stood out among the 12 that constitute this sector since they concentrated 88.9 percent of the total value: electric and electronic materials and appliances, 26.1 percent; construction, reconstruction and transportation equipment assembly, 24.2 percent; the assembly of machinery, equipment, appliances and electric goods, 12.1 percent; other manufacturing industries, 11.1 percent; assembly of garments and other textile goods, 9 percent; and the assembly of furniture, accessories and other wood and metal goods, 6.4 percent. This organization added that the number of people employed by the Export Maquila Industry reached 617,984 people, which represents an accumulated annual increase of 9.7 percent compared to figures registered in the first five months of 1994. (Mexico City NOTIMEX in Spanish 1545 GMT 3 Aug 95)

Mexican Petroleum, Pemex, has announced that it will invest more than $1.1 billion in the coming three years to build the Cadereyta Project in the Ingeniero Hector Lara Sosa Refinery, located in the state of Nuevo Leon, according to a 3 August report datelined Mexico City. Pemex Director General Adrian Lajous said the project will enable the company to obtain an additional volume of 132,500 barrels of distilled products a day, eliminate the production of fuel oil with a high sulphur content, and achieve significant ecological and economic benefits. (Mexico City NOTIMEX in Spanish 1943 GMT 3 Aug 95)

Business Coordinating Council President Hector Larios Santillan acknowledged today the economic crisis has provoked the loss of 727,000 jobs between January and June, without including the 1 million graduates who join the work force every year, according to a 3 August report datelined Mexico City. (Madrid EFE in Spanish 0116 GMT 3 Aug 95)

The Bank of Mexico (Banxico) issued a communique reporting the country's international reserves total $13.867 billion as of 31 July, according to a 3 August report, datelined Mexico City. The communique states this represents an increase of $7.719 billion compared with the same period in 1994. It also states that Mexico received $22.476 billion in financial aid from the IMF, the U.S. Treasury, and other foreign organizations between January and July. Furthermore, the country liquidated $26.029 billion in Tesobonos and foreign currency liabilities during the first six months. Banxico stated the balance of aid granted by the Savings Protection Banking Fund (Fobaproa) to commercial banks totaled $387 million and 24.754 billion new pesos as of 31 July. The communique indicates 53.251 billion ($8.580 billion) new pesos worth of Treasury Certificates, 38.945 billion ($6 billion) new pesos worth of Federal Government Development Bonds, 38.635 billion ($6 billion) new pesos worth of Adjustable Bonds, and $5.835 billion worth of Treasury Bonds are currently in circulation. The amount of circulating bills and coins on 31 July totaled 47.948 billion new pesos. (Mexico City NOTIMEX in Spanish 0135 GMT 3 Aug 95)

Land cultivated with basic grains decreased by almost 2 million hectares in recent years, which represents 15 percent of the land cultivated with those products. The yield per hectare sown with corn has barely increased 1.5 tonnes, the yield per hectare sown with soybean has increased by 600 kg, the yield per hectare sown with sorghum has barely increased by 1.5 tonnes, the yield per hectare sown with beans have barely increased 200 kg, and the yield per hectare sown with rice has increased 2 tons. (Mexico City LA JORNADA in Spanish 3 Aug 95 — received via Internet)

During the first seven months of 1995, foreign assistance destined for exchange stabilization amounted to $22.4 billion, while the payment of Treasury Bonds, Tesobonos, and bank liabilities in dollars amounted to $26 million. Meanwhile, reserves increased by $7.7 billion in this period. (Mexico City REFORMA in Spanish 3 Aug 95 — received via Internet)

A speedy increase in the amount of overdue portfolios led the banks to intensify confiscations and until June 1995, 12 such banks, as a whole, registered an annual increase in this area of 120 percent. These 12 banks are: Bancrecer, Banorte, Promex, Inverlat, Banoro, Mexicano, Bital, Probursa, Bancomer, Atlantico, Banamex, and Serfin. (Mexico City REFORMA in Spanish 3 Aug 95 — received via Internet)

Today, the British company Thame Water International will invest approximately $150 million in hydraulic infrastructure works in the Sonora River in Sonora State, according to a 4 August report datelined Hermosillo. (Mexico City NOTIMEX in Spanish 0049 GMT 5 Aug 95)

The Commerce and Industrial Development Secretariat, Secofi, approved today the implementation of definitive compensatory taxes [cuotas compensatorias definitivas], which will be imposed on products coming from Taiwan and the United States, according to a 6 August report datelined Mexico City. For instance, a seven-piece kitchen set from Taiwan will pay $2.39 and kitchen goods will pay $0.31 per kg. (Mexico City NOTIMEX in Spanish 2216 GMT 6 Aug 95)

Antonio Del Valle Ruiz, director of Mexico's Bital Financial Group, GFB, said today that this institution will undertake a capitalization program for approximately $300 million, probably in September, according to an 8 August report datelined Mexico City. According to Del Valle, the main Mexican shareholders of GFB, as well as those of Lisboa's Banco Comercial Portugues and Madrid's Banco Central Hispanoamericano agreed to undertake the program jointly. (Mexico City NOTIMEX in Spanish 2023 GMT 8 Aug 95)

Victor Blake Gomez, vice president of the Mexican Association of Bank Debtors, said today in a news conference that 20 percent of the 56 percent of holders of overdue portfolios have already declared themselves in arrears and this number might increase in the wake of popular discontent and extensive unemployment. He explained that 44 percent of the overdue portfolios renegotiated by the banking sector is also experiencing problems since people have no resources. The official added that thus far, there have been 10,000 foreclosures, whose individual amount range between 150,000 and 200,000 new pesos. Blake believes the problem of bank debtors has already become a political one and the people are not willing to let anyone snatch their patrimony. Blake stated that "the only mechanism to solve the problem is reaching an agreement; fighting will not take us anywhere." (Mexico City Radio Red Network in Spanish 0000 GMT 8 Aug 95)

The Finance Secretariat stated that in the first half of 1995, Mexico's trade surplus amounted to $3.089 billion compared to the $8.848-billion deficit registered during the same period in 1994, according to an 8 August report datelined Mexico City. During this period, exports amounted to $38.312 billion, which represents a 32.8-percent increase compared to figures for the same period in 1994. According to the Finance Secretariat, exports of manufactured goods for the same period amounted to $31.007 billion, which represents a 31.6-percent increase compared to the same period in 1994. Exports of agricultural products for the same period amounted to $2.76 billion, which represents a 63.4-percent increase compared to 1994 figures for this period. Moreover, exports of petroleum products amounted to $4.281 billion, a 24.5-percent increase compared to 1994 figures. In the first half of 1995, Mexico imported goods for $35.223 billion, which represents a 6.5-percent decrease compared to the same period in 1994, and the maquila industry made more than one third of the imports. (Mexico City NOTIMEX in Spanish 0116 GMT 9 Aug 95)

Poll Finds Growing Acceptance of EZLN

95CA0325A Mexico City VOZ Y VOTO in Spanish Jul 95 pp 46-49

[Unattributed article: "What Is Happening With Chiapas?"]

[FBIS Translated Text] When VOZ Y VOTO polled residents of the Federal District (DF) at the start of the conflict in Chiapas, it found that the dominant emotion at the time was fear of social unrest. A year and a half later, a new poll shows that citizens are worried about Chiapas above all because of its repercussions on the country's economy and because they cannot see any progress toward a resolution of the conflict, all of which leads to low ratings for President Zedillo.

These are some of the findings of the survey that we describe below for our readers. We would add that this was a telephone poll, the methodology and scope of which are described in the note at the end of this article.

The first question was: "What have you heard about the peace talks in Chiapas?" The spontaneous replies, which appear in Table 1, indicate that the vast majority of people, 83 percent, are aware that the parties to the conflict are talking, and that what they basically know about the talks is that no agreement has been reached.

Table 1. What have you heard about the peace talks in Chiapas?

Answer	Percent
No agreement has been reached	41
There has been no settlement/ The problems remain	7
Talks halted/not resuming/to continue in July	5
There are negotiations between the government and the Zapatists	4
They have made an agreement to achieve peace	4
Nothing being resolved, and the EZLN is to blame	3
Nothing has been resolved, and the government is to blame	3
Progress has been made in the talks	3
The talks are continuing	3
The government is trying to achieve a settlement through the talks as quickly as possible	1
The talks are being interrupted all the time	1
The talks have not been conducted properly	1
They are getting nowhere and only causing death	1
Others	6
Nothing/not sure/no answer	17
Total	100

A year and a half ago, the residents of the DF were asked how worried they were about the Chiapas conflict. Seventy-one percent said that they were very worried, 15 percent that they were moderately worried, and 14 percent that they were hardly worried at all. At present, we can see a major drop in the level of concern, from 71 to 62 percent, most likely because people are seeing that the peace has been kept (Table 2).

Table 2. How worried are you about what is happening in Chiapas?

Answer	January 1994	January 1995
Very	71 percent	62 percent
Moderately	15 percent	26 percent
Hardly at all	14 percent	12 percent

Although the conflict has been going on for 18 months, half of the people in the Federal District do not feel that the problem is affecting them personally; this is similar to the percentage found in January 1994. What has changed from then to now is that practically all of the people who say that they have been personally affected can cite specifically how. In Table 3 we can see that in 1994 16 percent of the people who answered yes to the question about their being personally affected were unable to describe in what way they had been affected. This time, that percentage dropped to one. DF residents now cite mainly harm to the economy (recession, jobs), not to mention, of course, the ongoing fear of destabilization and social unrest.

Table 3. Is what is going on in Chiapas affecting you personally?

January 1994		June 1995	
Answer	Percent	Answer	Percent
Yes	46	Yes	50
No	54	No	50

Reasons cited by those answering yes in January 1994	Percent
Instability could spread nationwide/food shortages	9
Psychological impact/cannot live at ease	6
Attacks, bombings	4
A lot of people could die/even my family	4
Could impact economy	3
Could boost unemployment	2
I have family in Chiapas	2
No answer	16
Total	46
Reasons cited by those answering yes in January 1995	Percent
Causes economic crisis/affects jobs	15
Fear that instability/shortages/high prices will spread	15
Emotional impact	6
I have family in Chiapas	2
Others	11

January 1994	June 1995
Not sure/no answer	1
Total	50

What has happened with people's opinion of the EZLN [Zapatist National Liberation Army]? Table 4 reveals the following facts: the distinctly negative view is down 31 percent, from 58 to 27; the neutral opinion is up 26 percent, from 15 to 41, and the positive opinion is up nine, from 14 to 23 percent. These data tell us that during the year and a half of the conflict the EZLN has made headway in achieving legitimacy (a shift from an unfavorable to a neutral image) but has not gained full acceptance (a nine percent rise in favorable opinion, to 23 percent).

Table 4. What is your opinion of the EZLN?

Answer	January 1994	June 1995
Good	14	23
Fair	15	41
Poor	58	27
Not sure	13	9

Table 5 shows the spontaneous replies of the respondents to the question of why they have a good, fair, or poor opinion of the EZLN. An analysis of these replies leads to the following conclusions. Its struggle on behalf of the have-nots and the fact that it is standing up to the government are unquestionably the reasons for the EZLN's legitimacy, whereas its methods (violence) and behavior over the past year prevent greater acceptance of it. Regarding the latter point, the tables showing the reasons for people's fair and negative views of the EZLN reveal that they mistrust the group, for example: "Others will benefit; the Indians will be no better off; it is not clear about either its ideas or its aims; it is a political game; it is hurting the people it is supposedly protecting; it is being paid by other countries to harm Mexico; it has its own interests and is deceiving the Indians; it does not face consequences or show up to talk."

Table 5. Why do you have a good/fair/poor opinion of the EZLN?

Good	Percent
It is fighting for the right reason	8
It is defending its rights	4
It is fighting so that humble people are not humiliated	2
It promotes fair treatment/ supports the disadvantaged	2
It is halting government abuses	2
Others	5
Total	23
Fair	Percent
It is fighting for a good cause but causes deaths	19
Others will benefit; the Indians will be no better off	3
It is not clear either about its ideas or its aims	3
It is not gaining much by what it is doing	2
The news about the EZLN is not clear	2
Others	6
Not sure/no answer	6
Total	41
Poor	Percent
There is no need for so much violence	6
In 1 and 1/2 years it has been unable to define what it wants	2
It acts arbitrarily to solve problems	2
It is a political game	2
It is hurting the people it is supposedly protecting	2

Good	Percent
It is being paid by other countries to harm Mexico	2
It has its own interests and is deceiving the Indians	2
It does not face consequences and is not willing to talk	2
Others	7
Total	27

Table 6 shows how public opinion has changed about the way in which President Zedillo is handling the conflict in Chiapas. In January of this year one-third of DF residents had a favorable view; this percentage is now down to 22, a drop of 11, which is exactly how much the unfavorable view has increased, from 29 to 40 percent. Thus, his acceptance rating is about the same as the EZLN's, 22-23 percent.

Table 6. How do you think President Zedillo is handling the conflict in Chiapas?

Answer	January 1994	June 1995
Well	33	22
So-so	23	28
Poorly	29	40
No answer	15	10

Table 7 lists the respondents' explanations of why they have a positive, neutral, or negative opinion of the way in which President Zedillo has been handling the Chiapas conflict. The main reason for people's unfavorable opinion has unquestionably been the fact that there has been no settlement, which some respondents attribute to a lack of interest ("He is not paying attention; he only talks but does nothing"), to a lack of ability ("He is not talented enough to solve the problem; he is being manipulated"), and to a lack of toughness ("He is too tolerant; he is giving in to their demands"). There are also those who mention "manipulation of the news."

Those who think favorably of President Zedillo's performance in dealing with the Chiapas conflict say that: "He has shown determination; he is willing to talk so that there can be a settlement; he has kept the peace; he is helping the Chiapan people in the conflict zone."

Table 7. Why do you think President Zedillo is handling the conflict in Chiapas well/so-so/poorly?

Well	Percent
He has shown determination/he is ready for a settlement	14
He has kept the peace	4
He is helping the Chiapan people in the conflict zone	2
Others	2
Total	22
So-so	Percent
He is not paying much attention to it	7
He is keeping up the dialogue but not resolving anything	5
He is too tolerant/should be tougher	2
He manipulates the news	2
Others	10
Not sure/no answer	2
Total	28
Poorly	Percent
He has been unable to come up with a solution	11
He only talks but does nothing/ not interested in solving anything	7
Zedillo is being manipulated/ allows himself to be bossed around	2
It is a farce/he is trying to cover up a lot of blunders	2
If he were doing a good job, it would have been resolved by now	2
He is giving in to their demands	2
He is not talented enough to solve the problem	2
Others	10
Total	40

In short, people's perception of the conflict in Chiapas has changed. When it began, there was fear of a military conflict; this has now shifted to anxiety over an economic crisis that is seen as being made worse by the guerrilla fighting. Moreover, the realization that no progress is being made toward agreements for a definitive peace fosters widespread mistrust among citizens, who cannot accept the EZLN but who do not applaud President Zedillo's performance either.

Methodological Note

Poll Range: It was defined as "citizens 18 years of age and older living in homes with a telephone listed in the white pages of the Mexico City phone directory."

Size of the Sample and Sample Method: A total of 418 interviews were conducted in 16 administrative divisions and seven [Mexico City] metropolitan area municipalities in the State of Mexico. The margin of error for the sample size is plus or minus 4.9 percent for a proportional value of 50 percent, with a confidence interval of 95 percent. The sample method was random systematic.

Information Gathering: A single interview per home was conducted; the workday was from 10 in the morning to 10 at night so that people with jobs could be incorporated into the sample. The unweighted sample broke down as follows:

Breakdown of Poll Sample

Age	Percent	Sex	Percent	Socioeconomic Level	Percent
18-25	28	Female	51	A/B	7
26-35	29	Male	49	C	14
36-45	20			D	42
46+	23			E/F	37

The similarity between the sample distribution in the 1994 door-to-door poll and the telephone survey this time was the basis for the above comparative analyses.

Guatemala

FRG Selects Rios Montt's Wife as Presidential Candidate

PA1008215695 Guatemala City Televisiete Television in Spanish 1900 GMT 9 Aug 95

[From the "Channel Seven News"]

[FBIS Translated Text] Guatemala Republican Front [FRG] sources confirmed today that the wife of retired General Efrain Rios Montt had been selected as this party's presidential candidate, as the Citizens' Registrar had accepted her nomination.

[Begin recording] [FRG Secretary General Zuri Rios] Indeed, yesterday morning, the FRG's national delegate presented the applicable documents to request the registration of Mrs. Teresa Rios Montt as candidate for presidency of the Republic, and that of Harris Whitbeck [word indistinct] for vice presidency of the Republic.

[Unidentified reporter] When will the [words indistinct]?

[Rios] Supposedly the Citizens' Registrar is required by law to issue a decision approximately three days after having verified the registration documents, confirmed that everything is in order, and that no required documents are missing. We are confident that everything [words indistinct].

[Reporter] Do you believe that [words indistinct]?

[Rios] There are no legal reasons why they should oppose her registration as presidential candidate. She is doing everything in accordance with the law, and is within the law, just as the general is also within the law. In addition, a prior ruling on this issue has already been delivered by the Constitutionality Court indicating that in this specific case there are no legal impediments, and that she can register and run for the presidency.

[Reporter] Will Mrs. Teresa Rios' candidacy have to be ratified by the party's 19 August General Assembly?

[Rios] We ratified her candidacy one year ago during our General Assembly, but also during the last assembly that took place on 1 July. In fact, several of the [word indistinct] members were present when we ratified her candidacy. We also ratified all municipal delegates by absolute majority. We are offering our unconditional support to the candidacy of a woman who has charisma and has the backing of all party members. [end recording]

URNG Commander on Electoral Process

95CA0328A Guatemala City CRONICA in Spanish 7 Jul 95 pp 19-20, 23

[Interview with Rodrigo Asturias, aka "Gaspar Ilom," commander of the Guatemalan National Revolutionary Unity, URNG, by Ana Carolina Alpirez; place and date not given]

[FBIS Translated Text] [CRONICA] The URNG has announced its participation in this electoral process. In what way will it do so?

[Asturias] I would not say that the guerrilla movement has an interest in participating, but rather that its headquarters has made a political determination to call for voting in the next elections. We decided to do that early this year, after analyzing the consequences of abstentionism. The latter include the legitimizing of authorities and candidates elected by a minority.

[CRONICA] Will you run candidates for deputies and mayors based on any political platform?

[Asturias] Our efforts revolve around the peace process, not candidates. That is our reason for being so interested in the combining of forces.

[CRONICA] If you are not seeking popularly elected offices, then what is your ultimate objective?

[Asturias] We have attempted to view the problem of participation as a political program, which could take place in different phases and scenarios. If we are talking about the short term, we mean the next elections. Now then, their projection extends beyond November, because there is the possibility that the peace process may have concluded by then with the signing of agreements. That would open up a new phase in Guatemala's history, which we define as the transition to democracy.

[CRONICA] And what if the signing of agreements is not achieved?

[Asturias] Another scenario is posed, and the political force that is beginning to consolidate will experience the need for the process to be continued and be completed. This applies, in particular, to the groups that have not participated in traditional politics, without excluding those that have, in fact, done so.

[CRONICA] Is that why you insist on talking about a political program?

[Asturias] We say that it is not only a program of the URNG, but one based on consensus. I am not speaking about vanguard movements. In 1990, during the talks with the different national sectors, an original idea emerged, which was the essence of the peace. We were contributors of that definition, not because it arose from the URNG, but rather because civil society accepted it. The same thing applies to this political program. We think that identifying the needs of the Guatemalan population and proposing solutions have been to our credit.

[CRONICA] Is it to give an impetus to your program that you are contributing to the formation of the new political front?

[Asturias] There is a mixup of interpretations there. We have submitted to all sectors the "proposal to society," called "The 4-9-4" in Guatemala (four objectives, nine paths, four priorities). What was important to us in publishing that document was to open the dialogue with all sectors. After that experience, we do not consider it possible to begin by frightening people just because they talk with us, or limiting the URNG's right to discourse, if what we really want to achieve is a democracy. Anyone who talks about backing or support for one particular group is confusing the terms, because what he wants is to generate a certain image of complicity and conspiracy. What exists is an open dialogue, based on that proposal.

[CRONICA] With whom have you talked thus far?

[Asturias] With many sectors and persons. We do not enumerate them, in fact, because of the way in which this proposal of ours has been handled, and because conditions for democratization are still lacking in Guatemala. The important thing is that it be known that we have talked, without any commitment to anyone.

[CRONICA] Have you conducted political negotiations with those groups or sectors?

[Asturias] I insist, there has only been a dialogue and an exchange of ideas. The meetings with different groups have been held to explain our proposal, and not to obtain political commitments.

[CRONICA] But are you considering giving overt support to a group, or will you confine yourselves to the proposal level?

[Asturias] We cannot participate, for legal and political reasons, nor can we negotiate things halfway. We do, and will support the entities that have views based on consensus and broadness, with which we agree.

[CRONICA] It is speculated in Guatemala that the URNG, the international community, and the government have made a kind of pact that makes your political inclusion possible. Is that true?

[Asturias] No, our decision is not a result of agreements. We have agreed to carry to the level of reality the URNG's opinions on how events should transpire. This is a position based on principles.

[CRONICA] It is claimed that, rather than based on your proposal, the idea of supporting the elections was due to pressure from the international community.

[Asturias] We were not forced in any way to make this call for elections. On the contrary, the foreign community was surprised by our measure, and received it very well. From the comments that we have heard, it appeared constructive to them.

[CRONICA] Was the possibility of the right winning the elections what prompted you to react?

[Asturias] It was not fear, either, but rather the belief that an alternative different from the one offered by the political parties in the past must be devised.

[CRONICA] And, unlike your past action, what induced you to give up the idea of calling for abstention?

[Asturias] We saw that the effect shown by abstentionism, which attained the world record of 82 percent in the 1994 legislative elections, was not what it should have been: to prove the illegitimacy of those electoral processes. Despite the results, the institutionality was maintained. Although the candidates were illegitimate, they achieved legality and gained the capacity to amend the Constitution and to make any kind of deal. Furthermore, it could be discerned that the electoral spectrum for this year would be the same. Therefore, convinced that abstentionism was not helping to pursue the goal that we were seeking, we decided to call for participation in the elections.

[CRONICA] Does this imply a mea culpa for contributing to the crisis in the country?

[Asturias] No. We also made the decision because there were changes in Guatemala's political life during the past two years. Although they were not all that had been desired, it is undeniable that they have allowed for a minimum of participation.

[CRONICA] To what changes are you referring?

[Asturias] The most important one is the progress in the negotiating process, which is in its final phase. We could also mention the signing of agreements between the government and the URNG that have given Guatelaman society a different outlook, such as the one on the Identity and Rights of Indian Peoples. The cause of a just and democratic peace has become so legitimized that it has a harmonious place in the entire international community. Moreover, the operation of the Civil Society Assembly (ASC) has enabled it to obtain an effective place for explaining its demands. That is why we think that it is consistent to call for voting under these conditions, and not as they were three or four years ago.

[CRONICA] From what you say, it would appear that the country has progressed only in connection with the peace process.

[Asturias] Since we are objective, we think that the only thing on which the government can capitalize is the achievement associated with the negotiations.

[CRONICA] In other words, the URNG has facilitated a better place in history for Ramiro de Leon.

[Asturias] No, we have only demonstrated ourselves to be consistent, adhering strictly to our initial proposals, and to the negotiation strategy. But we have not made things impossible for the government either. We maintain a policy of profound, serious, consistent communication, although it has proven difficult to continue the dialogue with this regime.

[CRONICA] Why?

[Asturias] Because the government has been consistent with regard to the results of the agreements, but has shown a different endeavor to attain them. On some occasions, they have allowed long periods to elapse before deciding to reach an agreement.

[CRONICA] Was the peace process necessary for you to structure a political proposal?

[Asturias] No, but it has helped. All the issues that we discuss in our document began with a parameter that, after 200 hours of debating, appeared as a view based on consensus. But, to devise the program, the collateral discussions also were influenced by the news media, the forums, and the nation's academic life.

[CRONICA] Do you believe that it will suffice to issue a call now for an end to electoral absenteeism, or for a change in the political situation?

[Asturias] No, that is just the first step. It is indispensable that no political persecution exist, and that the government guarantee full organizational freedom for those participating in the electoral process. It is also necessary for the latter to prove its legitimacy by itself, through clear, honest, and fair elections.

[CRONICA] If the political system works for you, will you detract importance from the peace dialogue?

[Asturias] The call to exercise the vote and to occupy spaces in the country's political life, to which only 20 percent of the Guatemalan population has had access, is aimed at opening a path. It is not being made to give up something else that has been totally defined and agreed upon, as the negotiating process has.

[CRONICA] The URNG holds a certain attraction for the political parties in Guatemala. To what do you think this is due?

[Asturias] It is very difficult to hear that. An objective study has many limitations when it is a matter of gauging public opinion on something that is a crime or is being prosecuted. Nevertheless, when the voting intentions in some polls are combined, I think that our electoral total is, indeed, becoming quite high. But we do not want to speculate on that.

[CRONICA] What have you perceived, apart from the polls?

[Asturias] We have another parameter. We think that the URNG has great popular support, because otherwise it would have ceased to exist many years ago. If we had not had backing among the 1.2 million civilian patrol members that existed at a certain time, the Army would have put an end to us. We are not trying to be taken for a great force either; we are simply stating a fact. We believe that, as a politico-military organization, the URNG carries a political weight in the country's life.

[CRONICA] Have you found a formula that would make the participation of your combatants possible?

[Asturias] The URNG does not consist of combatants alone, but also of extensive networks of organizations. I do not think that this type of inclusion occurs through elections, but rather based on the peace process. And it must appear clearly as a sine qua non condition in the substantive negotiations.

[CRONICA] Do you think that the calls from the headquarters to go to the polls now will reach your militants as well?

[Asturias] The day after we publish a communique, it is known to all the militants, both through overt channels and the clandestine ones that the URNG permanently maintains.

[CRONICA] Will that call also possibly reach the Communities of Population in Resistance (CPR) and the returnees' camps?

[Asturias] Certainly, but what will determine whether or not they heed it is if the government guarantees that it will not repress them, and will allow free movement for the returnees, who are not, as is being claimed, natural bases of the URNG. That is a description attributed to them in order to stigmatize them.

[CRONICA] The armed confrontation could obstruct the course of the electoral campaign. Have you considered a temporary cease-fire?

[Asturias] We have not considered it; it depends on the country's general military situation. But the type of operations being carried out by the URNG has no reason to obstruct the elections. There have already been elections in the middle of the war, such as those of 1990. What I have said does not mean that the URNG will not study some measure.

[CRONICA] What is your opinion of the PAN [National Vanguard Party] and FRG [Guatemalan Republican Front] candidates?

[Asturias] There are conservative groups appearing in favor of Alvaro Arzu, and other obstinate ones that are more closely identified with the nonsensical positions of Efrain Rios Montt, which have their counterparts in the Army. There may also be some who consider it necessary to have an honest process that will pave the way for a real democracy.

[CRONICA] Whom do you think the private sector is backing?

[Asturias] I think that no decision has been made thus far, and that, because of the different views that exist there, it is likely that there will be no decision on a single course of action. Some might even support another political front, if it represents national interests.

[CRONICA] And whom do you think the international community is inclined to favor?

[Asturias] We have no information on that. What we have perceived, as a result of our official relations with the Friendly Countries group, is its interest in the negotiating process.

[CRONICA] If the agreement for total peace is signed before the elections, would you go to the polls?

[Asturias] I would go to vote if, in those elections, all the conditions were present for a suitable alternative to participate. I observe an equivocation: Many people think that, if the peace agreement is signed, we would have the capacity to form a political organization immediately. But we must consider the fact that the pact has a schedule for implementation that takes time. It seems to me that, outside the negotiations, this is not very clearly understood.

[CRONICA] Then, shall we see you, by the year 2000, voting as a presidential candidate or a candidate for another elective office?

[Asturias] It is still a long time until then. But we are willing to continue struggling in whatever area we consider it necessary.

Decreased Maquiladora Production Examined

95CA0328B Guatemala City CRONICA in Spanish 14 Jul 95 pp 41-42

[Report by Jessica Garcia Kihn: "The Exodus of the Maquiladoras"]

[FBIS Translated Text] Guatemala has ceased to be the promised land for the maquiladoras [assembly line industry]. The drying up of incentives for investments and the North American Free Trade Agreement (NAFTA) have banished that industry from the country, leaving over 10,000 persons unemployed. Nevertheless, the remedy for this flight is not a simple one: it depends on whether the U.S. Congress passes the Crane bill.

The Plagues

The picture has become gloomy for the maquiladoras. Compared with a 67.5 percent growth in exports during 1991, that industry will have to be content with a 13 percent increase in its production. Added to this is the shutdown of operations at 74 companies in 1994, and of 29 more thus far this year: a number that threatens to continue rising. The Lee Thomas firm, for example, has canceled its production orders to 18 Guatemalan factories. According to Carlos Arias, owner of the Cardiz, Inc. maquiladora, this flight is due to the few benefits offered by our country, in comparison with other nations. He claims: "With NAFTA going into effect, Guatemala has been left at a disadvantage compared with Mexico." The Union of Exporters of Non-Traditional Products (GEXPRONT) agrees with Arias. A representative from GEXPRONT explains: "A dozen pairs of pants manufactured with fabric from the United States and assembled in Mexico pay zero percent of the import tax. On the other hand, if they are processed in Guatemala, a 17 percent tariff must be paid for them to enter the U.S. market."

Unfortunately for the local maquiladoras, the U.S. figures confirm the association's claim. According to a report from U.S. Customs, whereas Mexican exports of clothing and textiles increased 75 percent between 1994 and 1995, those of Guatemala increased only 18 percent. From that account, the neighboring country had posted income of $507 million as of the month of March. On the other hand, that of Guatemala totaled $160 million.

However, Mexico is not the only country that has caused headaches for the national industry. Arias thinks that the incentives offered by El Salvador and Honduras are better than those of Guatemala. This is why the Hondurans' sales volume rose 61 percent last year, representing income of $196 million. The low costs of investment spurred the growth of Salvadoran production by 56 percent, which generated $135 million in foreign currency. And, whereas the procedures for exporting in Guatemala are a nightmare, the efficiency of the authorities in both those countries has benefitted the opening of 10,000 maquiladoras. Arias is of the opinion that, "the 30,000 jobs generated by those companies should have been created in Guatemala, because our geographical location is more favorable."

Internal Sins

The exodus of the maquiladoras is also a result of certain "dirty laundry." According to GEXPRONT, the industry's competitiveness is limited by an overvalued exchange rate, and by high interest rates, which prevent the procurement of favorable loans. The same association representative thinks: "The constant changes in direction of the fiscal policy have created a climate filled with uncertainty. Investors do not know where to place their confidence."

The high costs of production, the delay in the return of tax credit, and the meager infrastructure also are problems. GEXPRONT notes: "The roadway network is in poor condition, and the port system is defective and inadequate for the handling of merchandise." Added to this is the high cost of transportation. But perhaps what most drives away foreign investors is the insecurity prevailing in Guatemala. According to Arias, the theft of trucks hurts the maquiladora directly. However, Anthony Asturias, vice president of GEXPRONT, has a different view. Although admitting the negative consequences of the thefts, he denies that this is the principal cause of the maquiladoras' closing. Asturias points out: "This problem is already being solved. Besides, it can be controlled, because the exporter has the option of employing private security."

What Is Leaving

The concern of the Ministry of Economy and of GEXPRONT is not unfounded. According to the association, there are 350 maquiladora firms operating in the capital city, and in the departments of Sacatepequez, Chimaltenango, Baja Verapaz, Quetzaltenango, and Izabal. This activity provides employment for nearly 70,000 persons, whose minimum salaries amount to 37 million quetzales. Arias remarks: "Every sewing machine installed generates at least two direct jobs. If the investors had not chosen to go to the neighboring countries, at least 20,000 jobs would have been created."

Besides offering sources of employment, according to the Bank of Guatemala, as of 1 June the clothing and textiles industry had generated income totaling $92.2 million. Although their growth has been curtailed, Guatemalan exports of cotton shirts to the United States continue to rank in first place among the countries of the Caribbean Basin, and sixth compared with the rest of the world. For example, in 1994 exports of that product supplied 4.7 percent of the U.S. market.

It is precisely because of that potential that GEXPRONT considers it an urgent requirement to stop the egress of the maquiladoras. Entry into NAFTA would return the enchantment to the land of Guatemala. Nevertheless, Arias thinks that this solution still seems very remote. GEXPRONT believes that the only alternative is passage of the bill of U.S. Congressman Philip Crane. However, to achieve this will require crossing our fingers in the hope that the U.S. Congress will endorse a bill that would grant the Caribbean Basin Initiative (CBI) the same terms enjoyed by Mexico with NAFTA. A study prepared by Alicia Pereira, a consultant for the Secretariat of Central American Economic Integration, notes: "This measure, besides restoring security to investors, is a suitable means for the CBI countries to gradually adapt to the new rules governing international trade, and to the requirements posed by globalization."

It is for this reason that Arias considers lobbying by Guatemalan authorities in the U.S. Congress to be important. The businessman thinks that the passage of the Crane bill will only be achieved in this way. Arias points out: "The White House has been rabidly opposed to backing the bill. That is why it is vitally important that President Ramiro de Leon take action on the diplomatic level. If there is no positive response before the year's end, it will be the end of the national maquiladoras."

Optimism

GEXPRONT has not lost hope. As an achievement, it indicates that the country has joined the World Trade Organization. It further claims that, with the bilateral textile agreement, it might be possible to arouse the interest of foreign investors again. The association adds: "With the signing of the circumvention agreement, which prevents triangular trade, changing the prices of exports will be avoided."

If any hope remains, it depends on the authorities. In the short term, the government must create the conditions for luring new investors. But, in addition, it will have to convince the U.S. senators to give their approval to the Crane bill. Otherwise, the maquiladora sector will be transferred to better countries, and will leave over 30,000 Guatemalans unemployed.

Low Savings, Investment Rates Noted

95CA0328C Guatemala City CRONICA in Spanish 7 Jul 95 p 41

[Commentary by Carlos Molina Woolford, chief executive of MWA International]

[FBIS Translated Text] It is disturbing to note that Guatemala shows one of the lowest savings and investment rates in Latin and Central America.

In a United Nations document that analyzed the Central American region during the period 1970-93, the conclusion was reached that, even taking the inflationary tax into account, the government sector's revenues never exceeded 10 percent of the Gross Domestic Product (GDP) in the entire period studied.

The weakness of the budgetary base prevented the development of public investment, equivalent to less than three percent of the GDP during the past 10 years. Furthermore, considerable shortcomings were accumulated in the quality of the national infrastructure. This weakness in public investment has not been offset by any particular dynamism in the private sector, and the coefficient of both fixed investment and average private savings is the lowest in the region (except for Nicaragua).

The figures for the most recent period, 1992-94, fully corroborate what has been indicated previously. The rates of variation for public investment during those three years were 32 percent, 0.8 percent, and 0.4 percent, while those pertaining to private investment were 29 percent, 8.6 percent, and -4.6 percent, respectively.

During 1994, public investment declined below the meager levels attained in 1993, with negative repercussions for the condition of the highway and energy infrastructure, as well as for the provision of major public services, such as education, health, justice, and public security.

For example, the government suspended transfers to the National Institute of Electrification (INDE). As a result, maintenance work and repairs on the electricity generating machines were directly affected, causing this energy sector to operate under unstable conditions. The attention given to highways also was neglected. The initial budget of 65 million quetzales dropped to 42 million, but the lack of liquidity meant that only projects costing about 15 million quetzales could be executed.

In view of the scarcity of internal savings and investment, to consolidate and increase the flows of foreign capital demands keeping internal interest rates high, with disastrous consequences for the cost of fixed private investment.

Panama

Canal Unions Request U.S. Affiliates' Support

PA1008213895 Panama City EL PANAMA AMERICA in Spanish 9 Aug 95 p 1A

[Report by Arnulfo Barroso W.]

[FBIS Translated Text] The Coalition of Canal Commission Workers Unions (AFL-CIO) [Coalicion de Uniones de Trabajadores de la Comision del Canal] requested its affiliates [illegible] the United States yesterday, to impose economic sanctions against the Panamanian government for its "brutal repression" against the workers who are opposed to the labor reforms.

The sanctions requested by the AFL-CIO include not attending ships with Panamanian flags that visit U.S. ports and other protests at a national and international level "if the government continues with its actions."

"We have also requested that those sanctions be maintained until all the workers — more than 400 — who were arrested by the repressive forces, be released," the AFL-CIO asserted in a communique.

The document clearly stated the canal workers "rejection" for the violation of the human and constitutional rights of the workers with the "brutal repression" to which they have been subjected.

This coalition also called all canal workers to be alert "because the abuses committed against our national fellow workers today, will be committed against us tomorrow, when the Canal is transferred to Panama and attempts are made to curtail the existent working conditions."

President Proposes 'Slight Change' to Reforms

PA1108015095 Panama City Radio and Television Networks in Spanish 0007 11 Aug 95

[Statement by Panamanian President Ernesto Perez Balladares at the Palace of the Herons in Panama City — live relay]

[FBIS Translated Text] Mssrs. Vice Presidents, Mrs. President of the Legislative Assembly, Mssrs. Ministers and Legislators, Mssrs. Vice Ministers, leaders of the various confederations of workers, businessmen, and fellow citizens:

Since this government came to power, we have been working very hard and with a high spirit of patriotism in guiding the country through the paths of development and national progress. In this effort we have had the participation of private Panamanian citizens, those who are not members of the government, as well as Panamanians of all political parties, Panamanians who want a better fatherland, a country with better opportunities, a country in which we are able to face the serious situation of national unemployment and poverty faced by many of our citizens.

To accomplish this our government first decided to reorganize certain laws with the purpose of achieving a greater efficiency when providing public services. That is why among the first bills we submitted to the honorable Legislative Assembly, which was the product of dialogue and conversation with labor union leaders from both institutions, allowed for the partial privatization and the participation of private capital in state companies such as Intel [National Institute of Telecommunications] and Irhe [Institute of Hydraulic Resources and Electrification].

Evidently the purpose of this was to achieve better technology and to maintain the country in the vanguard when providing services without committing public funds, which as a responsible government we must allocate for the solution of the country's social problems, especially education, health, and housing.

We also allowed private investment to participate with the public sector in providing adequate services at acceptable prices for the national population, optimistically better than the ones we have now.

Immediately after this first step, which the national government carried out, we submitted to the honorable Legislative Assembly — after much conversation, dialogue, concession building, and negotiation — a bill, the purpose of which is to encourage private enterprise to open up and not only limit itself to the national market, but to look into the real possibilities of investment and growth for the country's export sector. The purpose of this can be easily understood. If we limited ourselves to the growth of our closed and protected society, we would never be able to achieve the goals of employment we seek.

Proof of this is that from 1990 to 1994, the national economy recovered what it lost between 1987 to 1990; however, even with those economic growth rates of around 6, 7, and 8 percent, the unemployment situation continued. These are growth rates that are very difficult to achieve, but even at those high rates, the unemployment situation continued to grow; consequently, we came to the responsible conclusion that the only alternative to providing jobs to the thousands of Panamanians who are unemployed, to the 150,000 unemployed in the country, was to provide incentives to Panamanian private enterprises to look into the possibilities of exporting to new markets.

The way to provide these incentives was to remove those protections that made the operation of private enterprise itself inefficient. That is what we have done. We are also taking the necessary steps to get the country to join regional and world groups that can represent bigger markets in order to provide these incentives to Panamanian businessmen. That was the Across-the-Board Tax Incentive Law.

The third aspect of this program, which is aimed at obtaining investment and employment alternatives to the 150,000 Panamanians who are unemployed, was the modernization or the flexibilization of labor relations.

To accomplish this, we always said the modernization should not adversely affect the primary interests of workers. The bill, which has already been approved in second debate, accounts for this. What we tried to do with this bill was to complement the other things we have done in the creation of a more efficient economy by means of the participation of the private sector in public institutions by creating the incentives so that private enterprise would make more investments and look into foreign markets as a mechanism for growth as well as by creating the conditions for promoting harmony in labor relations.

We are not interested in hurting those who are working. Those were the instructions of the cabinet and the government. Evidently, that has been the permanent concern of the Legislative Assembly. We have achieved what we believe is movement along the right path. Today, however, we spent the entire day speaking to various groups of workers who are here today, the representatives of the various confederations, who have been talking to us throughout the past few months. We have also held permanent consultations with private enterprise organizations to prevent wrong messages from being sent, to make sure that the gains of the workers are in fact being preserved. We are also trying to encourage new investors.

I reiterate, this is not a matter of favoring one group by taking away from another group. We want to create conditions so that those who have not thought about investing in Panama can think about it. Those are the ones who will generate the new jobs we are seeking for which my government has been working since the first day.

Consequently, I have the pleasure of announcing to citizens that we have reached what I believe is a happy situation following a deadlock. This cabinet, along with the leaders who are accompanying us here tonight and with the representatives of private enterprise, want to propose to the honorable Legislative Assembly, through its president, vice presidents, and honorable legislators who are here, making a slight change to what was approved in second debate yesterday so that with this slight modification we can ensure what we have been proposing: We do not want to hurt the situation of the current workers, but we will seek ways to promote new jobs without creating conditions of low wages or mistreatment. We want to do just the opposite.

We now want to allow the labor and social welfare minister to make an explanation of the technical aspects we want the Legislative Assembly to consider, which is not only a request of this cabinet but of the representatives of the labor unions and confederations and representatives of private enterprise. I am going to ask the labor minister to make a brief explanation of the proposal.

Labor Minister Delivers Statement on Reforms

PA1108020995 Panama City Radio and Television Networks in Spanish 0015 GMT 11 Aug 95

[Statement by Panamanian Labor Minister Mitchel Doens at the Palace of the Herons in Panama City — live relay]

[FBIS Translated Text] Your Excellency Mr. President, Mr. Vice President, Ms. Balbina Herrera, distinguished legislators, business representatives, union leaders, journalists, Panamanian people. As his excellency the president has said, following painstaking months of conversations, and searching for an agreement among the country's management and labor sectors, we submitted a proposal to the National Assembly, which was directed at making labor laws more flexible and sending a better signal to local and foreign investors. This in turn would allow us to address the chronic problems of unemployment and extreme poverty our country faces.

In that context, we took several recommendations from management and labor sectors into account. The workers spoke of expanding freedoms and loosening collective contract regulations a little more, in an attempt to improve the democratic process and promote improved agreements with management.

Management, meanwhile, was also trying to make the code more flexible, so as to promote better conditions and increased productivity.

We reached an agreement on one item, that which deals with the dismissal fund, but we were unable to agree on several technical aspects. The Legislative Assembly approved the dismissal fund yesterday. It included a three-month limit for back salary payments. Current legislation does not include any such limits with regard to disputes arising between the two sectors.

Second, the bill included a 25 percent surcharge for unjustified dismissals and a 25 percent surcharge when the employer is behind in his or her deposits to the fund. There was an additional 5 percent to guarantee indemnity for workers who were dismissed for unjustified reasons. This, however, was reason for concern among the workers who are protected by the current code. They are worried that certain provisions in the new code will harm their interests and reduce their achievements, once the law goes into effect.

Therefore, the cabinet, represented by the president, made one specific recommendation to the Legislative Assembly. The recommendation is to include a transition paragraph for people presently employed, maintaining the current 50 percent surcharge for unjustified dismissals once the new code goes into effect, as well as any other current clauses or provisions approved. Second, the cabinet recommended a maximum five-month limit for back salary payments to persons currently employed under the current code. It is understood that settlement boards will be installed, as well as any other type of entity, to deal with any future situation that might arise, as required.

That is the proposal we have been discussing with the country's labor and management leaders during the day. We believe this to be a viable proposal, given the positive statements that each side has made. We believe it will promote a more balanced situation, while clearing up the workers' doubts; we hope the National Assembly will welcome this revision.

Labor Minister Details Plan Submitted to Assembly

PA1108031095 Panama City Telemetro Television Network in Spanish 0042 GMT 11 Aug 95

[News conference by Panamanian Labor Minister Mitchell Doens with unidentified correspondents at the Palace of the Herons in Panama City — live relay; broadcast in progress]

[FBIS Translated Text] [Doens]...articles of Law 86, which were presented by the Cabinet Council to the Legislative Assembly. It attempts to harmonize the interests of the workers and the businessmen and especially to guarantee to the workers, who are under the current labor code that does not include an unemployment fund, that they will get a 50 percent surcharge if they are fired without justification.

With respect to the practically undefined severance pay situation, which is one of the businessmen's fundamental problems, we agreed to give it a maximum of five months. Furthermore, the workers will start to accrue those benefits once the current law, which we hope will be approved, goes into effect.

This is the essence of the proposal. Only one article is being reconsidered. We believe that with this decision and the agreement reached between the government and the business and labor sectors today, we will harmonize and crystallize a long negotiation process that started 10 months ago.

[Unidentified reporter] Mr. Minister, as the unemployment fund and labor mobility issues were the two issues on which agreements were not reached [words indistinct], are there any other issues on which there is [word indistinct]?

[Doens] No. I believe those were the main issues that were left pending. We hope no new issue will arise after the in-depth talks held with both sectors today. Those were the only issues we discussed today.

[Unidentified reporter] [Words indistinct]

[Doens] Well, the four biggest workers unions attended the talks today, and they are signatories of this agreement.

[Unidentified reporter] [Words indistinct]

[Doens] This measure will undoubtably cause the strike to be lifted... [interview interrupted in progress]

Assembly President on Reforms

PA1108015695 Panama City Radio and Television Networks in Spanish 0022 GMT 11 Aug 95

[Statement by Balbina Herrera, president of the Panamanian Legislative Assembly, at the Palace of the Herons in Panama City — live relay]

[FBIS Translated Text] Good evening, Mr. President, Messrs. Vice Presidents, Ministers, Union Leaders, Businessmen, Reporters, and Fellow Legislators that are here with us tonight. We want to say that if this week has been full of hard work, then, today has been an extremely important day for us.

Since early this morning we have been listening to the positions of workers and of businessmen. I came to the Presidential Palace with a mandate from our legislators saying that as this nation's legislators, in the current situation, we had to be mediators and expediters for the well-being of the nation.

I want to say that we are here at this news conference because the Legislative Assembly, the Executive Branch, the business sector, and the union sector, which have been working for 10 long months must show that dialogue is productive, that dialogue is the best way to solve our problems. The Legislative Assembly is going to take the proposal you have made to us. We are going to go to the Legislative Assembly, and we are going to call opposition colleagues to give their opinion there, even though it may differ from our position.

We want Panamanians to feel that we are able to sit down and talk, and reach a conclusion. To you, union leaders, who have been at the bargaining table for such a long time; to the business sector, which has given its point of view; I say it is never to late to remedy a position through dialogue. As the President says, we can always rectify a decision. If this administration has to take measures and rectify them, it will do so, because in that way we are working face to face with the Panamanian people, finding new job sources without hurting those who already have jobs. Seeking the creation of new jobs, but always with the idea of improving the standard of living of those who have jobs.

We have nothing more to do than to continue working, because the country needs it, and what Panamanian society wants is peace and tranquility. Thank you very much.

Union Leader Mena: Strike Still Not Called Off

PA1108022395 Panama City Telemetro Television Network in Spanish 0035 GMT 11 Aug 95

[Interview with Mariano Mena, coordinador of the General Coordinating Board of Panamanian Workers, by Telemetro Television Network journalist Atenogenes Rodriguez outside the Palace of the Herons in Panama City — live relay]

[FBIS Translated Text] [Rodriguez] We are very close to Mariano Mena right now. He is one of the union leaders who declared a strike yesterday. Mr. Mena, what is your opinion of the president's announcement?

[Mena] My opinion on what?

[Rodriguez] What is your opinion on the president's announcement regarding reconsidering the labor law reform bill? Will the strike continue?

[Mena] We will not lift the strike until the Legislative Assembly complies with the agreements made here today.

[Rodriguez] So, you will go to the Assembly now?

[Mena] Yes.

[Rodriguez] What is the General Coordinating Board of Panamanian Workers' [CGTP] position now that the president has made this announcement? Will you study the situation? What will you do now?

[Mena] First, I want to say that I have called the CGTP offices because all the top leaders of the unions in our organization are there currently. One of the things I was told is that we will continue the strike until the Legislative Assembly approves what was agreed here today. We have to admit that we have not gotten all we were asking for. However, both sides in negotiations have to give in on some points.

We also have to acknowledge that the business sector had not accepted relinquishing what the Legislative Assembly had already approved. I believe that each side had to relinquish some points during this negotiation process.

The executive and legislative branches also had to give in, because we have to recognize that this was something they had already approved. The situation forced them to reverse a decision they had already made. Thus, although it is true that this is not the best solution, we consider it is at least an alternative and a way to have tranquility and social peace in Panama.

[Rodriguez] This means the Assembly is in a hurry to approve what was agreed upon with the president here.

[Mena] I do not know if it is in a hurry or not. What I can tell you is that the Assembly promised to discuss the proposal that we reached here today.

[Rodriguez] Thank you, Mariano.

Investment Director Extols Labor Agreement

PA1108040295 Panama City Telemetro Television Network in Spanish 0037 GMT 11 Aug 95

[Interview with Ricardo Duran, former Panamanian Chamber of Commerce, Industries, and Agriculture president and current director of the National Investment Promotion Commission, by Telemetro Television Network correspondent Atenogenes Rodriguez outside the Palace of the Herons in Panama City — live relay]

[FBIS Translated Text] [Rodriguez] We would like to have the businessmen's reaction to the announcement made by the president of the Republic tonight.

[Duran] The most important thing for us and for the National Investment Promotion Commission [Comision Nacional para la Promocion de Inversiones, Propanama] was the flexibilization of the labor code. This decision will make it easier for us to bring investors to the country. Investments will allow us to combat unemployment, which is the country's main problem, as has been recognized by all the political parties here.

We believe the reforms that have been made, the things we have achieved, will make it easier for us to promote the country. We will be able to offer Panama's features and advantages as an investment center. We can show them that this is a place where they can come to do business. This will create more jobs for the Panamanians.

[Rodriguez] So, you believe the president's announcement was auspicious?

[Duran] Of course. This is what we have been looking for. This is what we have been furthering. We wanted to have a more flexible and competitive labor code. We want this because it would allow Panama, a country that has already started an economic opening, to create more jobs. This, as well as the rest of the reforms made, is what we have been striving for.

[Rodriguez] Thank you.

Argentina

Cavallo Notes Special Support for Merged Banks

PY1008194995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1907 GMT 9 Aug 95

[FBIS Translated Text] Buenos Aires, 9 Aug (NA) — Economy Minister Domingo Cavallo today announced that the Fiduciary Fund for Banking Reorganization [Fondo Fiduciario de Reestructuracion Bancaria] will provide "special support" for those financial entities that have been expanded during the merger or acquisition processes implemented after the financial crisis early this year.

Cavallo explained: "The support will involve enhancing their level of organization, not only through their increased capital, but by reducing their operational costs. This will make it possible to ensure the solvency of these banks in the future."

The economy minister said this support would be part of the second stage of the banking reorganization sponsored by the Economy Ministry to cope with the local consequences of the "Tequila effect."

Cavallo indicated: "Through the Fiduciary Fund, we will help those financial entities that are expanding and need special support to undertake that huge task of becoming more solvent and efficient."

Cavallo made this announcement during a ceremony to launch the Backstop Facility project. The ceremony was held in the Economy Ministry movie hall today.

During his speech, Cavallo again criticized the "high" operational costs of the Argentine financial system. He emphasized that he is working to change, in the future, the brokerage rates charged by the banks.

Cavallo emphasized: "This is essential because we have been noticing during the past few weeks that some funds, managed by the BICE [Bank of Investment and Foreign Trade] and supplied by international loan mechanisms, are still very costly for the productive enterprises due to the high spreads charged by the intermediary entities."

The economy minister confirmed that next week "all the [savings] account holders of the banks that were suspended early this year will know exactly the final solution for each case."

Cavallo said: "We hope that most savings account holders will be able to recover all their deposits."

The economy minister also announced that "within a few weeks" the savings account holders will become acquainted with the ratings that the risk-rating companies establish for the banks with which they are operating.

Corach Refutes Social Outbreaks in Provinces

PY1008185095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2144 GMT 9 Aug 95

[FBIS Translated Text] Buenos Aires, 9 Aug (NA) — During a meeting with Justicialist [Party — PJ] senators, Interior Minister Carlos Corach today rejected the possibility of new social outbreaks in the interior of our country as a result of the troubled situation prevailing in various provinces.

PJ sources have noted that the interior minister gave assurances to the PJ congressmen that the PJ would win in all the provinces where governors must still be elected.

Corach met with the PJ bloc leadership at noon today in the Senate Grey Hall. After the meeting, he openly admitted "the troubled situation prevailing in some provinces." He indicated, however, that "efforts are being made to solve" the trade union conflicts in those provinces "at the appropriate labor levels."

The minister noted: "Trade union conflicts used to be a sign of decadence and unrealistic packages. At this moment, however, trade union problems are part of the substantial reorganization that is being implemented in our country."

In the interior minister's opinion, these conflicts "are the result of the necessity of creating a new economic and social structure that will permit us to confirm the benefits of stability and strive for development."

Asked about the possibility of the trade union protests becoming new social outbreaks, Corach emphasized: "There are very few trade union conflicts that affect security. At any rate, security is affected only when common criminals or activists attempt to join the protests peacefully carried out by the workers."

Economic Growth Viewed for Solving Unemployment

PY1008183595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1812 GMT 9 Aug 95

[Special report for NOTICIAS ARGENTINAS by Daniel Naszweski]

[FBIS Translated Text] Buenos Aires, 9 Aug — While the labor movement is planning to take action involving strikes against the current economic situation and unemployment; while the political wing of the incumbent administration is exerting pressure on the duet comprising [President Carlos] Menem and [Economy Minister Domingo] Cavallo to adopt paternalistic measures along the lines of old Peronism; while, from abroad, the IMF minutely examines Argentine fiscal accounts and discusses with Economy Ministry officials a waiver of the target agreed upon in March 1995 (when the reverberations of the Mexican crisis hit Argentina with full force), both the president and the economy minister have decided to maintain the present course and take a gamble on the resumption of economic growth as the best possible alternative to come to grips with unemployment.

The private analysts who have been consulted are of one mind about at least two things. The first is that the root cause for the type of unemployment affecting Argentina is a fundamental structural component. This is why, they argue, it will by no means be solved in the short term. In fact, the so-called labor supply has been increasing since 1990 through the "participation rate" — which shows the proportion of the number of people looking for a job to total population.

In 1991, the participation rate already stood at 39.5 percent. According to the latest survey, it currently stands at 42.8 percent, which means that at present there are one million more Argentines looking for a job than back in 1991, when they either were not interested in or seeking a job, or did not need employment. This figure would basically include women and youngsters who previously were not willing to work — something which was common in our country in the past — and who have, for various reasons, decided to join the working population.

This phenomenon has to do with a logical and foreseeable trend in all societies undergoing modernization, in which the head of the family is no longer the breadwinner, since both his wife and children also want to pursue a remunerated activity. It goes without saying that there is, in this phenomenon, some impact on the part of families in which the head of household has lost his/her job and the other members of the family do not have any other alternative but to contribute to the household income. As has been seen, there is also the case of former small-scale businessmen or retail traders who have seen their businesses decline or fail. This situation prompts them and the members of their families to look for a job.

This notwithstanding, although experts acknowledge that the Argentine economy is not creating new jobs at present, partly due to this year's recession and partly to the relative costs involved in either upgrading the technological level of a company or hiring labor (the first option is cheaper than the second), the problem can mainly be attributed to a trend seen in all countries undergoing modernization; namely, that a growing proportion of the population wishes to be productively involved in the economy.

One has to bear in mind that at the end of the 1980's, only 39 percent of the total population actually had a job or wanted to have one. This constitutes a very low percentage compared with the average in other countries. In industrial nations, this average rises to nearly 50 percent, due to the fact that more women and young people are seeking an opening. In developing nations, however, this average amounts to a moderate 45 percent. If to this situation one adds the logical increase in the retirement age arising from better health conditions and higher life expectancy, the result is that unemployment in Argentina is not a problem stemming from the current economic situation, but rather an affliction that will be troubling us for many years.

On the basis of this data, all experts in the subject agree in pointing out that Argentina's working population will rise to 45 percent of the total population in the forthcoming year, which would represent 15 million people working or looking for a job. Given this data, the only possible recipe for solving the problem of unemployment in Argentina is to embark upon the path of economic growth by boosting investments and exports. Obviously, in light of the above-mentioned figures, one easily understands that the problem of unemployment in Argentina cannot be surmounted through safety networks or paternalistic policies. It is not a problem of low or high classes, but rather affects all sectors of society. This, coupled with the recession initiated in 1995 as a consequence of the Mexican crisis and the fact that the modernization and retooling processes currently under way have displaced workers, shows us that we are faced with a grave problem impossible to solve in the short or medium term. In any case, the only way to alleviate — only alleviate — this situation is by creating an environment characterized by stability, clear and lasting rules of the game, financing and promotion of investments to encourage economic growth. For the rest, everything is just words and more words

Official on Negotiations To Adjust IMF Targets

PY1008183395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0140 GMT 10 Aug 95

[FBIS Translated Text] Buenos Aires, 9 Aug (NA) — Finance Secretary Ricardo Gutierrez today emphasized that Argentine and IMF negotiators are discussing "more realistic" expenditures and revenues "figures," thus hinting at an adjustment in the fiscal targets contemplated in an agreement signed with the IMF in March.

Gutierrez admitted that the "realistic figures" that are being discussed "do not agree" with those of the letter of intent signed with the IMF.

The finance secretary said the negotiators would wait for tomorrow's announcements by President Carlos Menem, "which will include measures with a fiscal effect, to complete the public accounts review."

The finance secretary's remarks support a report on the possibility that Menem would announce a reduction in the employers' tax payments, with the impact to be reviewed during the next few days by the negotiators.

Gutierrez made these remarks after a meeting among Economy Minister Domingo Cavallo, Economy Ministry officials, and IMF experts.

The finance secretary said: "We are working with absolutely realistic figures on expenditures and revenues." He pointed out that, "if necessary," the experts of the IMF delegation, headed by Martin Hardy, would again meet the minister or other Economy Ministry officials between 10 and 11 August.

The finance secretary pointed out that "some targets and the ways of achieving them have been raised" at the negotiations.

Asked if the negotiations involve an adjustment of the targets contemplated in the IMF agreement, Gutierrez noted: "We are discussing realistic figures, based on currently guaranteed funds."

The finance secretary explained that the negotiators would also review "the possible impact of implementation of the Payment Facilities and Voluntary Application [Facilidades de Pago y Presentacion Espontanea] program" to settle tax debts. According to the Economy Ministry, this program would involve 2 billion pesos.

Gutierrez explained that "we are discussing" with the IMF experts "the figures for the second half of the year and the first quarter of 1996," when the agreement signed with the IMF expires.

The finance secretary indicated that the review jointly being carried out with the IMF experts would end this week, emphasizing that "an agreement has been reached on what can be expected in the field of expenditures and revenues."

Report Notes Conflicts in Nine Provinces

PY1008163695 Buenos Aires CLARIN in Spanish 6 Aug 95 p 8-9

[Summary of report to the government on conflicts in nine provinces]

[FBIS Translated Text] The report is a sort of summary of the data in the hands of the security forces. Interior Minister Carlos Corach and Defense Minister Oscar Camilion have known of the report's content since 2 August. The folder with the information was almost opened during the last cabinet meeting, but President Carlos Menem did not ask about the matter.

Had he done so, he would have learned that the security forces believe "high-intensity conflicts" affect nine provinces. This means — always according to the police — that in those provinces, it is most probable that there will be some kind of social unrest.

The report classifies eight other provinces as having "medium- intensity conflicts," adding that only six provinces are free of the possibility of any problem.

Where the Risk Is Highest

The police and security forces' report says the risk of unrest is highest in San Juan, Cordoba, Santa Fe, Tierra del Fuego, Salta, Jujuy, Misiones, Tucuman, and Formosa provinces.

The report was handed down on 2 August and, therefore, does not contemplate the agreement reached by San Juan state workers and the provincial government to ease an announced program of salary cuts. The deal seems to have calmed the climate of conflict that provoked violent incidents in front of Government House 10 days ago.

The situation in the other provinces, however, did not improve much. On the contrary, on 4 August a group of Salta municipal employees broke into the Municipal Council building and destroyed everything in sight. Salta municipal workers were protesting the delay in the payment of their back salaries, a reality closely affecting the nine provinces included under "provinces with high-intensity conflicts."

In the case of Santa Fe, security forces point out that "the province's worst problems derive from the recessive climate in industry and commerce, and the consequent unemployment.

A second factor is the exodus of unemployed people immigrating from other provinces, particularly northeastern provinces."

The report says that the source of conflicts in Tierra de Fuego is the constant dismissals and suspensions. The report adds that the trend will continue this month because one of the most important electronics companies in the province will suspend all its personnel for 45 days.

In the Middle

Rio Negro, Buenos Aires, Mendoza, Catamarca, La Rioja, Chaco, Entre Rios, and Santiago del Estero are the eight provinces placed by the police in a group having probable "medium-intensity conflicts."

The report says that the province ruled by Eduardo Duhalde [Buenos Aires Province] "has one of the highest unemployment rates," although making clear that some union demands "do not involve important social tensions."

The picture is different in Mendoza. The document says that the provincial government "will soon have problems meeting its obligations with regard to pensions and salaries, unless it is able to obtain some credit with national or international banks."

The report says that in Catamarca there is a "widespread shortage of personnel" among teachers, physicians, and judicial workers as a consequence of the separation of "more than 5,000 workers" from the public workers payroll.

Santa Cruz, Neuquen, San Luis, Corrientes, La Pampa, and Chubut are the six provinces which, according to the report, do not run any risk of experiencing, at least for the time being, any social conflict.

The report says that the police "do not anticipate any difficulties for the moment" in this group of provinces except for Santa Cruz. In the case of this province, the report mentions the nonviolent strike that is being staged by municipal workers to protest the delay in payment of back taxes.

CLARIN learned that the police report will be updated on a weekly basis.

More Trade Friction With Brazil Feared

95SM0452A Buenos Aires CLARIN in Spanish
19 Jul 95 p 20

[Interview with Jorge Campbell, secretary of international economic relations by Eleonora Gosman: "Brazil Interferes in Electronics"; place and date not given]

[FBIS Translated Text] *Brazil's trade deficit exceeded $4 billion during the first six months of the year. This was a key element in the trade dispute with Argentina over automobiles. But now that that controversy has been settled, other conflicts are emerging in relations between the two partners. The reason is that the cause still exists.*

In Buenos Aires, further disputes are taken for granted. But the talk is that now that the automotive war is over, no one, either here or there, feels like having a second go-around. They would rather negotiate without causing tensions. "A short while ago, in Denver, I bought a copy of USA TODAY. I read that Kantor was asking himself: Who won? He was talking about the automobile war between the United States and Japan. After our dispute with Brazil we have an answer to that sort of question: Mercosur won," remarked Jorge Campbell, the secretary of international economic relations.

[Gosman] The situation inside Brazil points to fresh disputes....

[Campbell] Mercosur is going through an exceptional time. One sign of this is future conflicts galore. But I think that they reflect the strength of the bloc rather than its weakness. I see two issues as the focal points of the debate. One is electronics. Brazil placed a 70 percent tariff on imports of electronic equipment from third countries. This entails an additional advantage for Argentine industry that was not originally foreseen.

[Gosman] A reserved market?

[Campbell] I would not put it exactly like that. Moreover, the status of the Manaus free trade zone is supposedly being reconsidered, which could affect Argentina's free trade zone in Tierra del Fuego. We have to analyze this situation carefully, so that it does not hurt the trade flows from these free trade areas into the two countries.

(According to sources consulted by CLARIN, there are sectors of the Brazilian Government that want to end the benefits of the Manaus (in the heart of the Amazon) and Tierra del Fuego free trade zones. They consider them to be unfair competition. If they succeed, electronic equipment from Tierra del Fuego will no longer enter the Brazilian market duty-free.)

[Gosman] The conflict over the car industry showed that the two partners are fighting over investment. Hasn't Argentina lost this wager in advance? All indications are that Brazil will make off with the bulk of that pie.

[Campbell] Ever since the integration project arose, that has always been the question. Investment no longer goes to where the market or the source of the raw materials is, but rather to where the best investment climate is. Moreover, if Mercosur did not exist, where would investment go? Obviously to Brazil.

[Gosman] The foreign trade numbers show that Argentina sells Brazil products with little value added: live animals, grains, and crude oil. Brazil, on the other hand, sends us products with a lot of value added. Is this the sort of Mercosur we are going to have?

[Campbell] If you take a close look at these same numbers, you will see that the bulk of Argentina's industrial exports goes to Brazil.

[Gosman] That is true. But they are concentrated in two major categories: automotive vehicles and electrical equipment....

[Campbell] But that is Argentina. Having the Brazilian market does not change the macroeconomy but does alter the horizon for a ton of businessmen.

[Gosman] Can this bloc be maintained when the economic situation in the two major partners is far from thriving?

[Campbell] Mercosur is not going to be any stronger or healthier than the economies of the four individual countries. But it expands the leeway for solving the problems of each country.

Argentine-Brazilian Trade (in millions of dollars)

Major Products Sold by Argentina	Amount
Live animals	152.2
Plant products	492.7
Minerals (fuels)	230.8
Textiles and manufactures	99.2
Machinery and electrical equipment	14.1
Vehicles	259.2
Major Products Sold by Brazil	Amount
Foodstuffs	93.4
Chemicals	141.6
Plastics	113.4
Common metals	154.3
Machinery and electrical equipment	249.7
Vehicles	255.1

Source: National Institute of Statistics and Census. Data from first third of 1995

'Quebracho' Group Leader Denies Use of Arms

PY0908200895 Buenos Aires TELAM in Spanish 2007 GMT 8 Aug 95

[FBIS Translated Excerpt] Cordoba, 8 Aug (TELAM) — The "Quebracho" group does not support armed struggle methods, but vindicates "popular violence" to achieve "justice," said Leonardo del Grosso, a "Quebracho" group leader.

"We are not the Montoneros [a guerrilla group of the 1970's] of the turn of the century," emphasized Del Grosso. Nevertheless, he championed the guerrilla organizations of the 1970's that "were forced, at that time, to challenge injustice by enhancing the methods of struggle."

The "Quebracho" group has been branded as a group of agitators, conspicuously present during the disturbances that have been recently reported throughout our country. [passage omitted]

Bolivia

'Abuses' by Rural Area Police Reported

PY1008175195 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 10 Aug 95

[FBIS Translated Text] Coca growers leader Evo Morales reported that peasant Juan Ortiz Perez, 22 years of age, was killed by a group of eight members of the Umopar [Mobile Police Unit for Rural Areas] during a clash between policemen and farmers in the tropical region of Carrasco.

The killing occurred on 8 August, when eight Umopar members came to the Ayopaya union branch of the (Ichova) central union, which belongs to the Settlers Federation of the Carrasco Tropical Region. According to Morales, the eight policemen used their weapons to steal money from the peasants. Therefore, the money the peasants received for the voluntary coca eradication ended up in the pockets of the Umopar policemen.

In light of the abuses committed by the policemen, the peasants reacted in self-defense, which led to a clash. The peasants, who were many in number, tried to get their money back, and in the process, there was shooting by the policemen. This is when Juan Ortiz Perez, 22 years of age, of the Ayopaya union, was killed. Morales said he received a report from union leader Modesto Condori of the Settlers Federation of the Carrasco Tropical Region, who requested help from the congressional Human Rights Committee and the media to investigate the killing in the Ayopaya union.

The peasants of this region will come to Ayopaya today to find out how Ortiz was killed. The Umopar members left the region right away, but they did not return the money taken from the peasants.

A report from Cochabamba says that the Coordinating Board of the Coca Growers Federation of the Tropical Region decided to suspend the negotiations with the government until the murder of peasant Juan Ortiz Perez in Ayopaya on 8 August is clarified. Evo Morales said that no dialogue can be held while the government continues to kill innocent people, and that the negotiations are suspended until this murder, which is causing grief among coca growers, is clarified.

The Permanent Human Rights Assembly demanded a thorough investigation to punish the individuals responsible for the murder of peasant Juan Ortiz Perez. In a communique, the assembly says that Ortiz was killed as a result of shots fired by Umopar members. The Government Ministry, however, denied the killing, but the Permanent Human Rights Assembly said that despite the assembly's demands, the restrictions and violence in the Chapare have increased. The assembly adds that under the pretext of drug enforcement, the Umopar members commit abuses against the population by arresting peasants, raiding houses, and stealing money.

We have a relay by Hans Soria from Cochabamba:

The investigation to clarify the murder of a peasant in Ayopaya on 8 August by Umopar members while raiding a house in a drug enforcement operation has not yet begun. A request was made by the coca growers to the Bolivian Labor Federation, the Permanent Human Rights Assembly, and the congressional Human Rights Committee to carry out an investigation of the murder, but the investigation has not yet begun. The General Command of the Special Antinarcotics Force, FELCN, deployed about 220 Umopar members to the so-called red zones of the Chapare tropical region within the framework of the Clear Water Two operation. This drug enforcement operation, which began in the early morning hours of 8 August and is scheduled to conclude today, has the purpose of arresting traffickers of drugs and precursors and destroying cocaine factories and maceration pits in the tropical region and the Isoboro-Secure National Park. Colonel Luis Caballero, FELCN commander of Chimore, said that through this operation, the FELCN forces were able to arrest several individuals and destroy several cocaine factories and maceration pits near the Ichoa River and the Yopaya settlement. He added that there were no clashes with drug traffickers or peasants. Caballero said there is no police report on any clashes or killing of a peasant as reported by coca grower leaders of the Settlers Federation of the Carrasco Tropical Region located in Ayopaya.

Colonel Caballero promised that after the operation concludes today he will release an official report on the results of the drug enforcement operation to clarify the situation before the people. He said that during the operation, six drug traffickers were arrested, 30 kg of cocaine base were seized, and 25,000 square meters of coca nurseries and 14,000 hectares of new coca cultivation were destroyed. This operation, which has the logistical support of the U.S. DEA, helicopters of the Bolivian Air Force, and boats of the Navy, covered several regions of the Chapare tropical region and the Isiboro-Secure National Park. [end relay]

Brazil

Cardoso Voices 'Satisfaction' On Merger

PY1008234695 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 10 Aug 95

[Report by Luiz Augusto Mendonca at Planalto Palace]

[FBIS Translated Text] The Cardoso administration has endorsed the merger of the Progressive Party [PP], the Progressive Renewal Party [PPR], and the Brazilian Labor Party [PTB].

President Fernando Henrique Cardoso told Presidential Spokesman Sergio Amaral to convey his satisfaction over the merger of the PPR, PP, and PTB. The new party does not have a name yet, but it is expected to have the largest bloc in the Brazilian Congress, ahead even of the PMDB [Brazilian Democratic Movement Party] and the PFL [Liberal Front Party].

Early tonight President Cardoso met with Sao Paulo Mayor Paulo Maluf, who is credited with having masterminded the creation of the new party. Before meeting with the president, Maluf said the new party will not be in opposition, that it will support the reform proposals of the administration.

Governors Lure Industries With Tax Breaks

95SM0457A Sao Paulo ISTOE in Portuguese
19 Jul 95 pp 100-102

[Article by Mario Simas Filho, Raymundo Costa, Liana Melo, and Darcio Oliveira: "The War of the States"; introductory paragraph in boldface as published]

[FBIS Translated Text] **Competition for industrial investments explains disagreements among governors and demonstrates the difficulties involved in tax reform.**

Rio de Janeiro Governor Marcello Alencar has celebrated in high style the decision by Volkswagen to set up its truck plant in the municipality of Resende in southern Rio de Janeiro State. That $300 million investment seems to mark the end of the economic stagnation that has laid Rio de Janeiro low for the past 12 years. No other undertaking in the country's recent history has caused such an uproar—or exposed in such an instructive way the real tax war that has been going on among the biggest states in the federation. Making their moves at various levels, Sao Paulo, Rio de Janeiro, Rio Grande do Sul, Espirito Santo, and Bahia had been competing behind the scenes to be Volkswagen's choice. For example, the mayor of the small town of Sapeacu (140 kilometers from Salvador) informed Volkswagen that his municipality had no union members and, therefore, would be a safe place for the assembly plant. In Cruzeiro in Sao Paulo's interior, part of the population even held an ecumenical vigil to bring the plant to their town. The governors of Espirito Santo and Bahia offered the multinational an eye-catching package of tax incentives, and everything they offered was matched by Marcello Alencar of the PSDB [Brazilian Social Democracy Party].

In the tax war to get the truck plant, Alencar was an outstanding marksman. Rio de Janeiro's government gave Volkswagen an exemption from 75 percent of the ICMS (goods and services movement tax)—the chief source of revenue for the states—during its first year. That benefit will gradually be reduced until the year 2000, when the discount will amount to 40 percent. To guarantee the deal, the Resende municipal government exempted the firm from all municipal taxes for 15 years, and it will provide the land for the plant free of charge. In addition to using ammunition from his own treasury, PSDB member Alencar obtained the by no means discreet support of President Fernando Henrique Cardoso and Minister of Planning Jose Serra. "It is important at the moment to support Rio de Janeiro's financial recovery," the president commented to a few friends. Politically, there is nothing better for an administration that has been called the "playground for Sao Paulo swashbucklers" than to be "accused" of favoring Rio de Janeiro. However, the president is opposed to the tax war. His calculations show that that battle among the states will cause collections of the ICMS—the biggest source of revenue for the states—to drop by more than 1.5 billion reals.

The economic team is opposed to the tax war. The consensus is that it will end up generating inflation since, by relinquishing those revenues, the states will lose their ability to invest and will end up knocking on the door of the Union's Treasury, with a public deficit as the result. "The exemptions will end up harming everyone," says Minister of Planning Jose Serra. The FIESP [Sao Paulo State Federation of Industries] also opposes tax competition among the states. According to Luis Rodovil Rossi, the organization's director of tax affairs, the governors are going beyond modest incentives. "What they call an exemption I call a subsidy," he says. "Besides the lower taxes being offered by the states, they also provide benefits for the acquisition of machinery and equipment and land—in short, it is a real free-for-all." Economist Roberto Campos, who is a federal deputy elected by the PPR [Progressive Renewal Party] in Rio de Janeiro, disagrees. According to him, the tax fight among the states is legitimate. He comments: "What it involves is a means that the governors have come up with for attracting new investments." For the moment, the governors seem to share that view, and they are trying to increase the sophistication of their weapons.

Rio Grande do Sul's secretary of finance, Cesar Busatto, says he is opposed to tax exemptions as a means of attracting private capital, but he says his state is prepared to do battle using the same weapons that Rio de Janeiro employed to win the truck plant. "We are going into that battle to win," he warns. "We will match every offer, and we are not going to be left playing the role of soldiers marching out of step." Rio Grande do Sul lost Fiat to Minas Gerais in 1976, and now it sees that the Italian plant is responsible for that state's economic growth. Today a satisfied Minas Gerais Governor Eduardo Azeredo is watching Fiat attract various other firms to his state. "We are going to make up for that loss," claims the Rio Grande do Sul secretary, who is now fighting to bring Renault to Rio Grande do Sul. He is fighting openly. Last week Sao Paulo Governor Mario Covas considered it almost a sure thing that the French automobile company would locate its assembly plant in Sao Paulo. The Mato Grosso government is also arming itself. "We are moving toward granting tax incentives as a means of attracting private capital. The government is not being very aggressive at the moment, but that is going to change," says Vivaldo Lopes, economic adviser to Governor Dante de Oliveira. Of all the states, Sao Paulo is certainly the one being harmed the most (see the article on page 102 [not translated]).

To achieve tax peace among the states, FHC [Fernando Henrique Cardoso] and his team are gambling on the tax reform that Congress will debate before this year is over. The problem is that over 64 proposals are already circulating, and there is no agreement between deputies and senators. There is no record in Congress of any tax issue ever having been resolved easily. The interests of the blocs from the north and northeast have always been quite different from those of the southeast. Aware of that, Serra and FHC are putting together a strategy. The minister of planning is holding out the possibility of federalizing the ICMS. The governors in the north and northeast disapprove since they feel that that would prevent them from offering investment incentives in their region, which has little infrastructure. Their bloc in Congress totals 120 votes—enough to make any constitutional reform impossible.

In Sao Paulo, the governor's office is not treating that proposal as a permanent thing. "Serra is just trying to confuse the issue," Mario Covas confided to a secretary on Wednesday the 12th. Sao Paulo's PSDB members want to show FHC that the best solution would be a change in the way the ICMS is collected. Under their plan, the tax would be collected at the point of sale, not the point of origin. For example, if an automobile produced in Sao Paulo were purchased in Recife, the tax would be collected in Pernambuco. "Under that proposal, we will be losing revenue," complains Sao Paulo Secretary of Planning Andre Franco Montoro Filho. "But even so, that is better than continuing the tax war." At the beginning of the month, Governor Mario Covas spoke with Minister Serra and came up with a few variations that might improve the proposal.

The governor has asked his bloc to look for a way to incorporate into that proposal some means of allowing the states to stipulate the rates of the new ICMS. That would enable the governors to continue their tax war with rules less harmful to the public treasury. Sao Paulo, for example, being the country's largest consumer center, could increase its tax on specific products. But President Fernando Henrique Cardoso is not yet sure that that is the best solution. And there is no consensus within his economic team. Minister of Finance Pedro Malan, for example, supports another idea and is doing his best to persuade the president. Malan favors the establishment of a new tax—the VAT (value-added tax)—to replace the IPI [industrial products tax], the ICMS, and the ISS [service tax]. The VAT would be paid each time a product was sold, and then it would distributed among states and municipalities. For the moment, the governors of Sao Paulo, Minas Gerais, and Espirito Santo have shot down that proposal.

The confusion is such that there is no agreement even within the Sao Paulo government. For example, Emerson Kapaz, secretary of science, technology, and economic development, is one of those defending the VAT. "It is a fairer tax which, if accompanied by the formulation of an industrial policy, will be able to halt the tax war and solve the problems of the various regions," he says. All indications are that the governors who are arming themselves to continue the tax war may do all right for themselves. "The situation is quite difficult. The congressmen are a long way from reaching a consensus," Roberto Campos points out.

Who Gives the Most

Brazilian legislation prohibits the states from granting tax exemptions. Despite that, the governors are engaged in a genuine auction to attract private investment. To grant those benefits, they are coming up with tricks that are often challenged in the courts. In Espirito Santo, when a businessman collects the ICMS, he is automatically entitled to a line of credit from the state bank in the amount of the benefit promised him. In other words, if his firm established itself in the state with the promise that its ICMS would be reduced by 75 percent, the businessman is able to borrow 75 reals for every 100 reals his company pays in ICMS. The time allowed for paying back that loan varies according to the terms of the agreement worked out when a firm establishes itself. In Alagoas, for example, the government grants a line of credit of up to 100 percent of the value of the ICMS. That loan must then be paid back in two years with interest 70 percent below the market rate. "That is a real pork barrel for businessmen," says Andre Franco Montoro Filho, Sao Paulo's secretary of planning.

Anything Goes!

States are relinquishing up to 100 percent of the ICMS to attract industry and jobs. Here are the incentives offered by some states.

Goias refunds up to 70 percent of the ICMS and charges 12 percent interest. Grace period before the ICMS must be collected: none. Life of the program: 10 years.

Rio Grande do Sul refunds up to 60 percent of the ICMS. Grace period before the ICMS must be collected: none. Life of the program: eight years.

Bahia refunds up to 75 percent of the ICMS and charges no interest. Grace period before the ICMS must be collected: three years. Life of the program: six years.

Ceara refunds up to 100 percent of the ICMS. Grace period before the ICMS must be collected: none. Life of the program: six to 10 years.

Pernambuco refunds up to 80 percent of the ICMS and charges three percent interest. Grace period before the ICMS must be collected: two years. Life of the program: 10 years.

Official Urges Congress To Pass Patent Law

PY1008184795 Sao Paulo AGENCIA ESTADO in Portuguese 1645 GMT 10 Aug 95

[FBIS Translated Text] Brasilia, 10 Aug (AE) — Foreign Minister Luiz Felipe Lampreia has alerted the members of the Economic Affairs Committee of the Chamber of Deputies that, should the Brazilian Congress fail to approve the patent law, the United States will impose economic sanctions on Brazil. Lampreia said Brazil may appeal the U.S. sanctions before the World Trade Organization's body in charge of trade policy, but processing the appeal would take nearly eight months, during which Brazil may suffer trade losses in the international market. Lampreia said that the Americans could block Brazilian exports during that period. Lampreia notes, for instance, that by October the United States could impose extremely high import tariffs on sensitive Brazilian export items such as shoes and orange juice. Furthermore, he said, Brazil would also lose benefits under the Generalized System of Preferences.

Merger Ensures 'Vote of Confidence' for Cardoso

PY1008153295 Madrid EFE in Spanish 0028 GMT 10 Aug 95

[FBIS Translated Text] Brasilia, 9 Aug (EFE) — Official sources have reported that today three Brazilian parties that support President Fernando Henrique Cardoso merged to form the country's largest, the Brazilian Progressive Party [Partido Progresista Brasileiro — PPB].

The new alliance represents a "coup de grace" as far as the hegemony of the ruling party, the Brazilian Democratic Movement Party (PMDB), is concerned, but it ensures a vote of confidence on Cardoso's political platform in Congress, PPB leaders pointed out.

Odelmo Leao — PP leader in the Chamber of Deputies — explained that the PPB is comprised of 114 congressmen, nine more than the PMDB, and will be comprised of congressmen from the Progressive Party (PP), the Progressive Renewal Party (PPR), and the Brazilian Labor Party (PTB).

The PP and the PPR today made their commitment official and are working out the last-minute details with the PTB.

According to Leao, the new party "will support the government but defend measures to fight unemployment, to improve the situation of the agricultural area, and to implement broad fiscal and tax reforms that support the Real Plan," the stabilization program implemented by the government one year ago.

Brazilian commentators have said that the three center-right parties will support the presidential candidacy of Sao Paulo Mayor Paulo Maluf, who is one of Cardoso's closest political friends.

Chile

Finance Minister Views NAFTA Negotiations

PY1108002495 Santiago EL MERCURIO in Spanish 8 Aug 95 pp B1, B28

[FBIS Translated Text] Finance Minister Eduardo Aninat has said Chile will not negotiate crucial matters regarding its entry into NAFTA until the fast track treatment is approved, that is, until the U.S. Congress authorizes its Administration to negotiate.

The finance minister and Juan Gabriel Valdes, coordinator of the NAFTA negotiating team, held a news conference during which they positively evaluated the technical negotiations held last week in Mexico City with the negotiating teams of the three members of the treaty: Canada, Mexico, and the United States.

Concerning the risk of not obtaining the "fast track" treatment, or the fast way to negotiate this year, Aninat described as a domestic problem for the U.S. congressmen the postponement of the voting for the draft copy that was to have been held on 8 August at the House of Representatives trade subcommittee of the Ways and Means Committee.

Nevertheless, he referred to remarks by U.S. Ambassador to Chile Gabriel Guerra-Mondragon who called the postponement positive because it ensures a future joint vote by the two parties at the Chamber of Deputies. He said the fast track process will be approved by the House of Representatives plenum.

Valdes said the fact that negotiations have begun without the U.S. Administration having the fast track approved yet, is explained because "we must work based on good faith of the parties that comprise the treaty, and on good faith in international relations." He added that the U.S. Administration is making efforts to obtain resources that would help it conclude the negotiations successfully.

He said the exchange of opinions and the study of laws which have already begun are essential to accelerate the negotiating process once the United States has the legal resources to resolutely continue them.

He said the U.S. negotiator called him on 3 August to tell him that the office of the trade representative, which is headed by Mickey Kantor, thought the idea of postponing the discussion on the fast track was positive because they are convinced they will achieve agreement between Democrats and Republicans on this matter.

Minister Aninat stressed the fact that Chile has adopted all precautions to be solidly prepared for negotiations.

"What Chile will not do is negotiate twice. We do not want them to take us as being naive and ineffective. We will collect all the necessary information. There are lists of questions for the three countries, but we will negotiate the crucial and important issues when we are guaranteed of the fast track. We will not negotiate twice," he said.

Negotiator Valdes presented a full report on the formal technical negotiations in Mexico between 25 July and 1 August, in which 42 Chileans participated. The participants discussed all the chapters related to NAFTA, the legal aspects of financial services, technical rules, solution to disputes, telecommunications, safeguards, temporary entry of people, antidumping [preceding word in English], intellectual property, access to markets, and labor and environment annexes, among others.

Valdes said good progress was achieved to a great extent, given that the parties involved in the negotiation understand their counterparts and build confidence on the explanations given to them on the legal texts.

Some groups require more information and for this reason a list of questions has been made, the answers of which will arrive by next week, while other groups have achieved some progress in identifying matters that will make up the object of negotiations, which will also require some questions to their counterparts.

Concerning services and technical norms, Chile believes mutual legal adaptations are necessary, many of which are being identified and which are included in the state modernization program the government is promoting.

Concerning trade, there was no discussion on sectors of the economy or on products. The chief negotiators only began to exchange information on plans for possible tariff lifting, on ideas of possible symmetries and reciprocity that will exist inside the organization of the tariff lifting process, and on the tariff basis and coverage which will serve as basis for the work.

Progress has been achieved in the areas of cooperation, establishing ideas of statistical support concerning purchases and supply decisions from the public sector, as well as cooperation in the customs field to modernize the verifications of origin among member countries.

Chile expressed interest in participating as an observer in some technical commissions that already exist within NAFTA, because to the extent that the country is beginning to negotiate and there are working committees which are studying changes, like the rules of origin, we must begin to get acquainted with these matters.

Concerning Chapters 19 and 20 of the treaty, on solving controversies, it became clear that Chile will be an equal member which enters under identical conditions to those of the initial partners.

Kantor suggested the next round of negotiations be held on 21 August, but Aninat said the Chilean Government wants to first make an internal evaluation and to exchange opinions with the private sector, both the labor and entrepreneurial areas, before answering.

Aninat lamented the "unfortunate incident" with Fernando Aguero, former coordinator of the business sector for NAFTA negotiations, who spoke in Mexico on the tariff lifting process which is considered part of the negotiations. He said Aguero was very involved and had actively cooperated and worked very well with the NAFTA team.

Valdes said the other NAFTA negotiators were unaware of Aguero's remarks but of the consequences of said remarks that were partly published by the press.

Concerning Mexico's annoyance over using Chile's entry into NAFTA to review some aspects of the treaty, Minister Aninat said the meeting in Toronto, Canada, and later in Denver, the United States, the ministers of the four countries agreed that NAFTA must be as open as appropriate to truly and operationally include Chile. The necessary opening must be made to accommodate Chile's real situation, which is different from that of Mexico, the United States, or Canada.

He said there is no intention to reopen discussions and negotiations but to accommodate through annex protocols what might be necessary for this new partner.

PDC Chairman Reviews PS-PPD Differences

PY0908224695 Santiago EL MERCURIO in Spanish 23 Jul 95 pp D3-D5

[Interview with Christian Democratic Party [PDC] Chairman Alejandro Foxley by Raquel Correa in Santiago; no date given]

[FBIS Translated Excerpt] [Correa] What are the main differences between the PDC and the PS-PPD [Socialist Party-Party For Democracy] regarding human rights?

[Foxley] Although we share similar viewpoints, there have been disagreements regarding what the country should expect. Throughout the transition process the PDC played a role we do not wish to lose or deny: It is our raison d'etre in politics. We sought agreement with every sector regarding significant subjects that have served as the backdrop for Chile's huge political and economic success. Right now we need to give the country a very strong signal: Although it is incredibly difficult to progress toward resolving problems like human rights, the civilian-military relationship, or the military tutelage that democracy still experiences, we must make every possible effort. This is the moment to recover the spirit of the late 1980's which has been somewhat dormant due to this rather conflictive political moment. This crisis, which has still not been resolved, represents a new opportunity to progress and to discuss the pending issues of the transition process. There is an enormous inconsistency: We have an incredible economy; businessmen and workers have a great capability to cooperate for the wellbeing of the country; social peace prevails; levels of poverty have dropped significantly; and our image has a great projection abroad. If we remained stuck in the political transition we may find we lose all we have achieved so far. [passage omitted]

[Correa] What is more difficult for you: to keep the PDC in order or to have a concerted understanding with the PS and the PPD?

[Foxley] The PDC is difficult to understand unless one is inside of it. It is by far the largest party in Chile. The latest poll by the CEP [Political Studies Center-Adimark] show the PDC has 33 percent support, followed by the PPD with 9 percent. Our militants and leaders throughout the country enjoy political activity through assemblies. We have a tradition of holding very passionate discussions and this is why people are sometimes confused when they see a diversity of opinions in the party. I invite you to see when the PDC acts. This is when the diversity of opinions suddenly becomes quite coherent in its action. The only thing that worries me are the rumors.

[Correa] What does it take to reach an understanding with the leftist sector of the Coalition of Parties for Democracy [CPPD]?

[Foxley] The CPPD is like a family. There are discussions, allegations, and different points of view. The coalition is not just a simple combination of parties. It has a common and very rich history. Parties that were historically antagonistic decided to unite to recover freedom. We carried out a historic deed together, and this creates strong human and political ties. The Aylwin administration had what was negatively described as a "horizontal party" which showed we were capable of overlooking party interests in our vision of the state, which is the key for the success of a government.

[Correa] That horizontal party no longer exists.

[Foxley] I am worried about the anxious signs for power I see among the leftist parties. I have heard high officials of leftist parties saying power is the main issue in the second administration of the coalition. This can distort the way of doing politics. If there is an obsession for power, it is easy not to see the reason for being in politics and being a member of a government coalition. The main, priority reason should be to make the government a great success. [passage omitted]

[Correa] You were present during the hearings on the "Letelier case." Was this was a mistake because by doing so you have a judicial and political connotation...?

[Foxley] There are times when one must openly acknowledge. The "Letelier Case" shows just how serious the human rights violations were in Chile. There was an institution called DINA [National Intelligence Directorate] that had almost total power over the people and acted in an extremely cruel manner. Radical differences must be established among those who were somehow involved in that experience. General Manuel Contreras was responsible for that organization. It was a military organization and Contreras was responsible for the acts committed by his men.

[Correa] Is it impossible to try to separate the actions of DINA from those of the Armed Forces?

[Foxley] I, like Juan Pablo Letelier, do not believe the Army was involved in the DINA crimes. I endorse this belief which, due to the development of the process, represents a gesture towards the military institution. The worst thing that could happen would be an undermining of the prestige of the military institutions. That could weaken its future function of safeguarding national security.

[Correa] Do you feel Chilean democratic stability is subject to the Army?

[Foxley] Chilean democratic stability is subject to the institutions created in compliance with the 1980 Constitution. The greatest incongruence would be if the institutions that upheld the Constitution broke the law to show that these institutions function. That would represent an irrecoverable setback.

[Correa] This week one rightist leader said you were playing with fire.

[Foxley] The country is genuinely worried. The Contreras issue has revived very obscure episodes of the past. It is not healthy for the country to ponder on statements by the commander in chief, nor on his birthday celebrations. This reveals there is a situation that has not been properly resolved. General Videla, retired. said this week that the military transition has not started yet. Military are not involved in the activities of the country as they should in a modern democracy. There is discrimination between civilians and military, a sort of "apartheid:" military men live in separate neighborhoods, they have their own schools, universities, hospitals, and social security system. This shows greater unity and mutual understanding will be hard to attain. This problem must be resolved if we want a stable democracy. [passage omitted]

[Correa] What is your version of the load of contradictory statements regarding the Cerro Castillo meeting. What did you hear Frei say on that occasion?

[Foxley] I heard the president say the government will not apply an interpretative law to the Amnesty Law. In the Contreras case, the government has full confidence in the judicial system and process. The judicial process must implement the final phase.

[Correa] What phase?

[Foxley] For me, the final phase is Contreras' imprisonment in Punta Peuco. The president has strongly upheld the state of law as the key element to tackle the human rights subject.

[Correa] What did Frei say about the political dialogue and the search for judicial and non-judicial solutions to the subject of the arrested-missing people?

[Foxley] The president said what was confirmed later by [Defense] Minister Edmundo Perez and [Interior] Minister Carlos Figueroa that, quote, President Frei said the government has never refused to discuss important subjects for the country, like the institutional order and solutions to pending issues of the transition process and human rights. We are willing to discuss these subjects, unquote. This is exactly what the PDC has been proposing.

[Correa] What happened then? Did [Minister Secretary General of Government Jose Joaquin] Brunner not understand...?

[Foxley] I think there were two communications problems. The way Brunner explained it gave the impression that the president was closing any possibility of future dialogue because Brunner said "no political initiatives, no dialogue, and no more legal projects are necessary." This was interpreted as if the door had been definitely closed. The government would make a great political mistake if it closes the doors on discussions of such important subjects. This is why I voiced my disagreement with Brunner because that is not what the PDC legislators understood. That is not what we heard the president say.

The second mistake was that Brunner disclosed a version before the president sat down to listen to the PDC legislators. One must not forget that the PDC is the main governing party by far. It did not seem appropriate to give opinions on a series of meetings where the main partner had not been listened to. I am very fond of Brunner, we have been friends for many years and there is nothing personal in all this. In later statements, Brunner rectified the mistakes he made at the start.

[Correa] Do you maintain your call for dialogue?

[Foxley] The invitation is still there. The responsibility of a political party like ours goes beyond the government. We want to build a stable future, free of latent threats of unsolved problems in civilian-military relations and the human rights field, seeking to improve the democratic institutions.

[Correa] Who is your invitation addressed to?

[Foxley] To every sector.

[Correa] Even the military?

[Foxley] Absolutely. But we have never called for a civilian-military dialogue. First, the call is for the governing political parties and the opposition so that the pending subjects of the transition process can be tabled for discussion once Contreras is in Punta Peuco prison, once the appropriate political climate has been created, and once the people are confident the state of law is still in force. The military... well they are not supposed to deliberate, but in a modern democracy there should be permanent forum where civilians and military men can discuss subjects of common interest like teaching centers or reflection centers within the military institutions. The government will not submit an interpretative law for the Amnesty Law but we are not against discussing the pending issues of the transition process, as the president himself has stated. This is why the government is assessing the proposed solutions. But for this it is necessary to create a climate of understanding for a reconciliation and to tackle the pending issues of the transition process.

[Correa] Do you think something as important as solving pending issues should by tied to Contreras' imprisonment in Punta Peuco?

[Foxley] In theory this should not be so. In practice it has become a key issue because it is presumed there are some people interested in preventing this sentence from being served according to the spirit and the letter of the law. This is why I said some people are playing with marked cards... but nobody should use tricks or take advantage of loopholes to circumvent a law that should be equal for all. One must be precise; Contreras has been sentenced and is serving his sentence. This is a good starting point, but it is not enough. If we were to engage in a political dialogue now in search of solutions it would seem as if we are negotiating Contreras' imprisonment when Contreras' imprisonment is not negotiable. First, because it is not the government's duty and, second, because there is an unanimous supreme court ruling. Sectors close to Contreras and close to the military must understand, once and for all, that we live in a state of law.

[Correa] What is the most valuable thing about the rightists' proposal regarding the human rights problem?

[Foxley] First, it admits the existence of arrested-missing people and suggests a mechanism to solve the problem. Another positive aspect is that it points out the need for the Reparation and Reconciliation Corporation to continue, which is rather like continuing the work started by the Truth and Reconciliation Commission.

[Correa] Do you think the proposal represents a new amnesty or draft reparation bill?

[Foxley] This is the downside because, in fact, it entails a full stop. The result would be to automatically and definitely close 800 cases that were temporarily acquitted. In other words, every case temporarily acquitted more than a year ago will be definitely acquitted when this law is published.

[Correa] What is wrong with that?

[Foxley] It means renouncing the truth. The proposal to quickly close cases, within a 90-day deadline, is also negative. This will mean the truth will not be investigated, and cases that are not included in the amnesty law will be definitely acquitted.

[Correa] Is it not better to forget something that happened 20 years ago...?

[Foxley] In any civilized society it is only right to want to learn the truth. Once it is out in the open, the victims and their relatives can be compensated somehow for their suffering.

[Correa] And those responsible will be punished?

[Foxley] We, as civilized people, want the truth established and justice done... If this is not possible, then at least declare amnesty once it has been established what happened to these people after they were arrested.

[Correa] And to learn who was responsible?

[Foxley] Not necessarily. Former President Patricio Aylwin's new interpretation of the Amnesty Law says: To investigate until the date of the crime and to find out what happened, without the need to determine who is responsible. [passage omitted]

[Correa] Most countries that experienced similar situations issued a new amnesty law. Why not here?

[Foxley] We are not willing to consider the possibility of a new amnesty law. We reject it. We want reconciliation not a new amnesty law. This country has a strong moral conscience.

[Correa] Do you prefer the matter to be suspended. In other words, that the country live on tenterhooks for ever?

[Foxley] The PDC is willing to assess any possibilities of progressing in pending human rights cases. We believe the truth about the arrested-missing must be established. This element is also included in the rightists' proposal. But we believe the cases excluded by the amnesty law should not go unpunished. In those cases the court must carry out the necessary trials, and those responsible must be punished. We are willing to discuss how those cases should continue to be tried. The PDC endorsed the so-called "Aylwin Law" that proposed speeding up the legal procedures through the appointment of special judges for a two-year term. They would exclusively work on establishing the truth and stepping up investigations into the pending cases. This continues to be a valid point. We do not agree with establishing a deadline to close the cases irrespective of whether the investigations to determine the truth have concluded. [passage omitted]

Proposals on Human Rights Violations Viewed

95P20962A Santiago LA NACION in Spanish
6 Jul 95 p 5

[Editorial: "Initiatives Concerning Human Rights"]

[FBIS Translated Text] In recent days, various proposals aimed at finding some solution to the situation originating in the human rights violations during the dictatorship have become public. This issue is one of the tasks still to be completed during the process of democratization, and it is linked to the future of relations between civilians and the military.

The number of proposals has reached about 20 now, including the Union for Chile opposition bloc's initiative to seek a national peace agreement, and the one formulated by the UDI [Independent Democratic Union] with respect to passing a law that will make it possible to find out the fate of the detained/disappeared persons. For his part, Senator Arturo Frei has come out in favor of interpreting the Amnesty Law in accordance with its "historical meaning;" that is, by dismissing the cases when it is proven that the actions occurred during the period specified by the law.

Minister Secretary General of Government Jose Joaquin Brunner has said that the Presidency will limit itself at this point to studying the different proposals, and he drew attention to the danger that the excessive variety of initiatives and the haste with which they have been presented may result in failure. In fact, several of the proposed ideas contradict each other, while others are basically statements of intent. Brunner said that the government will observe the evolution of the proposals to test their substance, and that at the proper time it will determine whether it is appropriate to take some legal initiative.

Perhaps at a time like this it is necessary to take things calmly and with great realism, without becoming excessively hopeful about the possibility of finding a saving formula that all will agree with. Naturally, it would be wrong to confuse wishes with reality, and of course we must avoid having cures that are worse than the disease.

Just as it is improbable that we Chileans will come to agree on a single vision of the past, it is also improbable that the human rights problems can be settled and that we will achieve national reconciliation by passing another law, or by interpreting the controversial 1978 Amnesty Law. If these limitations are not kept in mind, it is very possible that, with the best of intentions, we will try to force artificial solutions which in fact will end up expanding the conflict.

Several of the proposals include a reference to the need to close the painful chapter of the detained/disappeared persons, which assumes a willingness to investigate what happened to them. It is a positive thing that our society has reached the point at which at least we do not disagree that they represent a tragedy in our history. However, some questions immediately arise: Is there a real possibility of obtaining more information about their fate? Is it possible to hope for a new willingness on the part of those who can provide information, even if it is through extrajudicial channels?

This is where, thinking of the victims' families, political leaders must show a great sense of responsibility in order not to encourage hopes that will then be thwarted. They should understand that in this case they are dealing with very delicate matters, which are different from solely political ones.

Any option that is worked out should strengthen the foundations of the democratic system. It should reflect a true national consensus and be based on adherence to the culture of human rights. This is the only way the reconciliation will have a solid foundation.

Colombia

Deputy: U.S., Politicians Plotting Against Samper

PA1008215895 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 10 Aug 95

[Report by Maria Alejandra Villamizar; from the "24 Hours Newscast"]

[FBIS Translated Text] According to Deputy Carlos Alonso Lucio, a member of the Alternative Party, ultra-right wing conspirators are behind the country's current situation.

[Begin recording] [Lucio] Undoubtedly there is a conspiracy, and the North Americans are involved — extreme right-wing Republicans — undoubtedly former President Gaviria, from the United Nations... [pauses] from the OAS, is also involved, and obviously Andres Pastrana followers are also involved. I believe that they are the leaders of this conspiracy in Colombia — a conspiracy that goes against Colombia and against Colombian democracy.

[Villamizar] What interest could former President Gaviria have in conspiring against President Samper?

[Lucio] Many. The first interest is that if Samper falls it is very probable that he will be succeeded by De la Calle, who is a Gaviria follower. Two ideological thesis that confront one another: one side that lost the elections and that wants to win power through a conspiracy, which I do not believe is logical.

[Villamizar] What would the conspirators gain?

[Lucio] The first thing they would win is the government in due course; in other words, either immediately or in the short term. Second, they could choose a figurehead with many years of influence in the Liberal Party to run the rest of Samper's term, and if he then wins the elections, the conspirators could then eliminate him and hold on to a monopoly. Third, they could, by availing themselves of bureaucratic agreements, strengthen Dr. Pastrana's option, and consolidate a new national front of two neo-liberal sides, one in the Conservative Party with Dr. Pastrana and the other with the Liberal Party and former President Gaviria. [end recording]

President Samper's Lawyer To Refute 'False Charges'

PA1108041695 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 11 Aug 95

[Report by Raul Gutierrez; from the "24 Hours Newscast"]

[FBIS Translated Text] Lawyer Antonio Jose Cancino is already working on President Samper's defense. He began by announcing accusations.

More than defending President Samper, Cancino, a penal expert, will focus on the so-called Process 8,000.

[Begin recording] [Unidentified reporter] Have you moved from the defense to the prosecution?

[Cancino] No. I must defend...[pauses] from false charges. Obviously, when I say that there are false charges I must accuse someone of making those false charges. [end recording]

For now, Cancino could start with the tapes on the conversations of the then presidential candidate Ernesto Samper, Mrs. Elizabeth Montoya de Sarria, and Campaign Treasurer Santiago Medina, which according to an official communique are real.

According to the communique, the first tape was simply a normal request for an audience by well-known enterprises through Mrs. Sarria, recorded by unknown persons. The communique added that the second tape was recorded directly by Medina and Mrs. Sarria, who have maintained close personal and business relations.

Consequently, the first ones Cancino could accuse are Santiago Medina and the wife of presumed drug trafficker Jesus Armando Sarria.

Former Campaign Treasurer Medina Profiled

95CA0329A Santa Fe de Bogota EL TIEMPO in Spanish 30 Jul 95 p 25A

[FBIS Translated Text] *This 45-year old man, whose sign is Virgo, is strict, punctual, hard-working, and orderly, with the bad habit of speaking ill of people, and with a dream that will be difficult for him to achieve: to become an ambassador.*

From childhood, his obsession had been to live in a house located at the intersection of Highway 8 and 88th Street, slightly delapidated but large, with a special charm. Every day, he would walk in front of it, repeating: "Some day it will be mine."

At age 37, he still retained that obsession. One day in 1987, he made up his mind, and knocked at the door. The domestic service employee told him that the owners, a German family, were selling it. Although they had practically closed the deal with another Colombian, Santiago Medina attained his objective. As he claimed on one occasion, it was the goal that was most difficult for him to attain.

He himself took over the remodeling and decoration of the house, deciding on the exact spot for each piece of his European furniture, his original paintings, his colonial pieces, his armoires, mirrors, and French silverware.

He built a pool and a gymnasium, more for pleasure than because of a liking for exercise, and arranged a special place for his nearly 200 ties, 70 pairs of shoes, and dozens of woolen jackets and suits, mostly European.

The reason, as he admitted in an interview, was that he is "extremely fussy when it comes to dressing." He can spend an entire afternoon selecting what to wear. "I believe that clothes are a reflection of personality. We identify people by their clothes. With my way of dressing, I think I project an image of seriousness and responsibility," he commented on one occasion.

Although he considered selling the house, he could not. He missed the morning "long swim in the pool" before assuming each day's responsibilities, because, as he put it, "I can't bathe quickly. It is at that time that I find myself. I make my most important decisions while bathing." However, he also longed for the comforts of his French-style residence. That is why he decided to live in it, and to hire seven persons for domestic service.

He spent hours there reading international magazines and biographies of great world figures, especially Napoleon (his passion), and listening to old and new bolero performances, and his collection of music from the 1960's and 1970's.

Once in awhile, he himself prepared his specialty in the kitchen: tripe in the Madrid style. He was such a good chef that they even published several of his recipes in magazines.

For relaxation, he would attend the cinema or theater, or sit down to play bambucos [a popular dance] and a few Beatles' songs on his piano, which belonged to Marco Fidel Suarez, having arrived in the country on muleback in 1823. Although his life changed when he entered the world of politics, his work day did not begin before 1100 hours, often ending at dawn.

Each corner of his home is a reflection of his personality and his aesthetic capacity for interior design, which even enabled him to be selected as editor of an architecture and decor magazine, ALO CASA, issued by the EL TIEMPO publishing house. "He is elegant, polished, and distinguished, with the most refined taste that one could imagine," as he is described by a friend. His antique dealership, "Santiago Medina," from which he acquired his considerable fortune, also is categorized as having the same quality.

He gradually converted that dilapidated house into one of the finest and most elegant in Colombia, and into a genuine club, which would later become the gathering place for Bogota society.

"All of high society visited there," claims a colleague, because it was a traditional site for functions ranging from meetings for viewing beauty queens, and betting on the winner, to political sessions for discussing the country's future with congress members, officials, public prosecutors, and even ex-presidents of the republic.

Before the run-off vote for the president's election, his friends and campaign colleagues, including Ernesto Samper, met there to watch, all together, the World Cup soccer match between Colombia and Romania.

Medina also owns a house in Penon, one of the most luxurious, which is currently for sale.

A Strict Man

His money and ostentatious meetings, described on the society pages of the country's leading newspapers, helped him to raise his standing in society, and to obtain certain privileges, "such as becoming treasurer of Ernesto Samper's presidential campaign," as an acquaintance claimed.

This 45-year old man, the youngest of five siblings (his mother died nine months ago), traveled to Spain in 1970 to complete his studies in architecture and economy in construction. However, he preferred business administration, and that degree was granted to him by the Central University of Madrid. At the University of Alcala de Henares, he specialized in organization and methods.

Although he returned to Colombia, practicing in several entities (Boyaca Cement, the Colombian Group, Garcciales de Barranquilla, Proficol, and Agricultural Industries of Cali), in 1980 he became independent. He then founded Portobelo Decoration, Ltd., devoted to interior design, in partnership with the famous decorator, Juan Montoya, who bought out his share several years ago.

It was through Portobelo that he met Luis Carlos Galan Sarmiento, who named him treasurer, not of the political leader's party, as some Galan supporters have explained, but rather of the New Liberalism Foundation.

In September 1990, he was appointed manager of the Colombian Enterprise for New Health Resources (ECOSALUD), a position that prompted him to change his opinion on games of chance (he had never purchased a lottery ticket nor visited a casino). It also caused him to make his first "slip" as a public official. Five months later, he was declared relieved of his duties, in an episode that has not yet been explained.

The recognition of his ability to "raise" money led him to occupy the position of treasurer in several entities, such as the Liberal Party and the Colombian Democratic Association.

While he was associated with these entities, he also devoted time to his antique business and to a construction company. His most recent political position was that of managing the money for Ernesto Samper's presidential campaign, replacing Monica de Greiff.

In a strange incident, after his retirement from ECOSALUD, the dogs guarding his house were poisoned. This event prompted a call to the presidential campaign from a high-ranking Liberal Party chief, who warned that a person whose dogs were poisoned was not to be trusted as treasurer of a political campaign.

Although he is being investigated for presumed illicit amassment of wealth, for having received money from the Mafia, and for false testimony, his friends and colleagues acknowledge his capacity for work, his kind, pleasant manner, his decency, and, above all, "his class."

He is organized, strict, overbearing, and a man of character, for whom there are no halfway measures. He is person of extremes: a friend to his friends, and spiteful toward his enemies.

But his major flaw, as an acquaintance claimed, "is that bad habit of speaking ill of people and, especially, that of telling everyone: both friends and unknown persons, about the financial type services that he was providing to his friends."

His colleagues describe him as a man with political ambitions, which were not translated into holding a seat in Congress, or joining a cabinet minister's office. Rather, they were reflected in his being close to those who held power. Nevertheless, he was, in fact, concealing one desire: to become an ambassador.

Medina's Dismissal of Lawyer Discussed

95CA0331A Santa Fe de Bogota EL TIEMPO in Spanish 3 Aug 95 p 11A

[FBIS Translated Text] *The litigant was at EL TIEMPO, claiming to hold the status of attorney for the Samper campaign's ex-treasurer, 48 hours after having been dismissed.*

"You are said to represent interests other than those of Santiago Medina Serna. What are those interests?" Upon hearing the question, Ernesto Amezquita Camacho, who claimed to be Medina Serra's defense attorney, maintained a long silence, and fixed his gaze on the reporter questioning him.

The scene took place at EL TIEMPO last Saturday [29 July], at 1545 hours: 48 hours after Amezquita had been dismissed by Medina. In spite of this, he arrived at the newspaper's facilities claiming that position of legal representative.

The same morning, Defense Minister Fernando Botero Zea had granted this paper an interview concerning the charges of drug traffic money in the presidential political campaign.

At 1500 hours, an editor from the Judicial Section (where the reporters were working on the Botero Zea interview at the time) received a telephone call from Amezquita. The lawyer said that the purpose of his call was to make his position known regarding an article to be published by EL TIEMPO on Sunday, in which he felt that he would be compromised.

The reporter, surprised by the presumed leak of information (because no story on the subject was being prepared), questioned Amezquita to find out what the lawyer's real intention was.

He evaded the questions, and began arguing that the news program, "24 Hours," was about to issue a report in which it indicated an alleged legal disqualification affecting him for defending the ex-treasurer of Ernesto Samper's campaign.

Amezquita continued, stating that the reason was that, as an ex-member of the Liberal Party's Tribunal of Guarantees, he could not assume responsibility for litigation in which a member of the government party was involved.

He later claimed that a reporter from a weekly magazine had informed him that EL TIEMPO would publish a report pointing in exactly the same direction.

Nevertheless, Amezquita's call became an inescapable opportunity to learn the other part of the information regarding the money from the drug traffic in the political campaign, because it was believed that he was still Medina's legal representative.

A Visit....Planned?

During the interview, Botero Zea was emphatic in maintaining that, if the infiltration of Cali Cartel money in the Samper campaign were proven, it must have occurred behind his back. When asked about the Medina case, he declared that he preferred to leave it in the hands of the Prosecutor General's Office.

The reporter informed Amezquita of the defense minister's position, and questioned him to learn his story as representative of the ex-treasurer.

The lawyer said that he could not talk about the matter on the telephone; so he proposed a meeting to discuss the subject. However, he seemed particularly interested in finding out what EL TIEMPO would publish in the interview with Botero Zea.

In any case, the reporter consulted the judicial editor, and it was decided to accept the meeting; and, by mutual agreement, the newspaper's headquarters was proposed as the meeting place. Amezquita said that he would come immediately.

Thirty minutes later, he arrived with a group of members of the National Association of Trial Lawyers (ANDAL) at the newspaper's facilities on Eldorado Avenue.

A group of reporters received him and began questioning him. Amezquita appeared cautious.

At the most tense moment in the conversation, the litigant admitted that, "If everything that Medina knows were learned, the country would suffer serious institutional damage."

He acknowledged that this was the reason that his client feared for his life and that, since guarantees could not be counted on, he had advised Medina to remain silent. Reacting to that response, the reporters told him that it was best to to tell the whole truth.

Amezquita started interrogating: "What do you propose to me? What do you want me to say to Doctor Medina?"

The reporters told him that their only intention was to learn Medina's story, and that, with evidence supporting each of their statements, a feature article would be prepared on the ex-treasurer.

Amezquita said that he would talk with Medina, but asked to be informed in advance concerning the interview with Minister Botero Zea.

After the judicial editor consulted with the editor in chief, it was agreed to make parts of the article in question available to the lawyer.

While reading it attentively, Amezquita took for granted the feature article requested by the reporters for the discussion with Medina. "This very day, I will go to La Modelo and talk with Santiago," he repeated several times.

The following day, it was learned that Medina had dismissed Amezquita the previous Thursday, because he felt that he had been pressured by him.

What troubled the Samper campaign's ex-treasurer was that Amezquita was recommending that he conceal what he knew about the infiltration of money from the Cali Cartel, as he admitted in the conversation with the newspaper's reporters.

Amezquita never answered the question "what interests do you represent?." But he left EL TIEMPO after satisfying his curiosity about the details of the interview with Botero Zea.

Correction to Samper Taped Coversation Revealed

PA0908223395

The following correction pertains to the item headlined "Samper Taped Coversation Revealed," published in the 9 August Latin America DAILY REPORT, page 47:

Column two, third paragraph, make read: [Begin recording; speakers identified by caption] [De Sarria] How...adding editorial notation.

Ecuador

Government To Seek WTO Mediation in EU Banana Conflict

PA0908214195 Quito Voz de los Andes in Spanish 1230 GMT 5 Aug 95

[From the "Voz Andes Newscast"]

[FBIS Translated Text] Ecuador will go before the World Trade Organization [WTO] to request its mediation in the negotiations with the EU on banana import quota restrictions, when diplomatic efforts are exhausted. We will continue with our strategy, which calls for the use of all possible diplomatic and trade resources. Only when such diplomatic and bilateral negotiation efforts have been exhausted will we approach the WTO, of which Ecuador has been a member since 31 July.

The government of Ecuador, the world's leading banana exporter, is demanding that the EU increase its quotas, which have restricted imports from Latin America since 1993. Ecuador is also demanding the organization revise the permit system.

Paraguay

Bolivian President Discusses Ties, Mercosur

PY0908151495 Asuncion NOTICIAS in Spanish 6 Aug 95 p 12

["Exclusive" interview with Bolivian President Gonzalo Sanchez de Lozada by Edith Medina in Asuncion; date not given]

[FBIS Translated Text] [Medina] What is the nature of the free trade agreement that your government is proposing to Mercosur [Common Market of the South]?

[Sanchez de Lozada] Well, we are members of the Andean Pact and our trade with Peru and Colombia is very important. This is why we cannot contemplate leaving the Andean Pact to join Mercosur. We are looking for an intermediate position. We are seeking a free trade pact without the common external tariff. Hopefully, our trade will then gradually integrate until the Andean Pact and Mercosur become a single market. This could happen before the end of the century.

[Medina] How can you be part of Mercosur without leaving the Andean Pact?

[Sanchez de Lozada] We already have free trade agreements with various countries. This is permitted even though a member of one pact cannot join another pact. It is called a free trade agreement.

[Medina] Why are you interested in Mercosur?

[Sanchez de Lozada] It is a very important market. We import a lot from Brazil and Argentina. In exchange, we offer gas to those countries.

What we would like to have in the long run is an exchange of manufactured products and other complementary items, considering that Bolivia can be used as a country of transit linking Paraguay, Argentina, Brazil, and Uruguay with the Pacific region.

[Medina] What do you think of the announcement about the conclusion of the trans-Chaco highway?

[Sanchez de Lozada] I am sure we will be surprised by how much that highway will be used. There will be development we never imagined possible.

We have a project to create a development center at the border between Paraguay and Bolivia. We are thinking of a town shared by the two countries in the not too distant future. At present that project is in the preliminary stages, and it is closely linked with the conclusion of highway pavement work on both sides of the border

[Medina] Is the Paraguay-Parana waterway project important for Bolivia?

[Sanchez de Lozada] That is the grand project. It has been stagnating for some time, and it is time to create a mixed commission representing all countries involved in the project. That commission should have autonomy to make decisions. We need an executive secretariat representing all five countries involved.

[Medina] How is Bolivia overcoming the social crisis?

[Sanchez de Lozada] I think it has had a positive evolution. We are now having talks again. We already overcame the pressure stage.

[Medina] What is your opinion on the privatization policies that many governments have been adopting lately?

[Sanchez de Lozada] In Bolivia we have a privatization process called capitalization.

According to this program, foreign or national companies must provide capital until they duplicate current company assets and become owners of 50 percent of the shares. We think then we can have a good administration of those companies.

This investment permits the new owners to enlarge and modernize those companies. In this program state shares are given to the people through pension funds. We have capitalized electric companies very successfully and without the loss of jobs.

[Medina] Can you offer a reflection on our countries' relations?

[Sanchez de Lozada] Our relations are proof that at the end of the 20th century there are no reasons strong enough for conflicts between brotherly countries. The world demands that we unite, share markets and cultures, and show a very different attitude toward ghosts of the past.

Uruguay's Sanguinetti Views Mercosur, Integration

PY0908155595 Asuncion NOTICIAS in Spanish 7 Aug 95 pp 6-7

[Interview with Uruguayan President Julio Maria Sanguinetti by unidentified NOTICIAS correspondent in Asuncion; date not given]

[FBIS Translated Text] With regard to the possible incorporation of Chile into the Mercosur [Common Market of the South], Uruguayan President Julio Maria Sanguinetti stated that his country has always tried to reach agreement with Chile so that the latter may join Mercosur.

First, for political rather than economic reasons — the Uruguayan head of state argued — I think that this is fundamental because Mercosur is building its own political personality and Chile is a country that, on account of its tradition, its clout, its history of remarkable achievements, and its intellectual strength, is a force to be reckoned with in the world.

Second, for economic reasons. This is not simple because it is necessary to implement an adjustment process that is not easy. And this adjustment process is just beginning. In other words, this process involves conducting negotiations that will clear the issue by the end of the year. Sanguinetti emphasized: "In this regard, experts must help us politicians. They must show us the way of implementing the two tariff systems in foreign trade, for example, as they are not solid."

[NOTICIAS] President Frei is talking about forming working commissions to establish a specific framework, a specific pace.

[Sanguinetti] Right. It involves drawing up a schedule, committing a group to work on various fields, and making an assessment by the end of the year.

[NOTICIAS] Have you overcome the export and import problems with Brazil?

[Sanguinetti] Concerning Mercosur, this is a very important period in which nothing has been set and nothing is final — in one way or another. In other words, every day there is a problem. Just look at Europe, where, after 40 years, there are still discussions. Basic issues have actually been overcome because there are procedures to solve them, but there still are some problems.

[NOTICIAS] Does Uruguay favor trade issues over integration itself?

[Sanguinetti] Integration is a term that involves much more than just trade. Trade is also fundamental, but it is part of a much more elaborate process.

[NOTICIAS] But the idea is that Mercosur will not merely involve a tariff system.

[Sanguinetti] Right. An integration process does not merely involve a removal of tariff barriers.

[NOTICIAS] Mr. President, this process has allowed the Mercosur to be prepared for negotiations with other blocs, such as the EU, or with its neighbors, such as Bolivia or Chile.

[Sanguinetti] I would say so. It is the quickest postwar integration process in the world. The Mercosur has advanced at a far quicker pace than we could have imagined recently. I believe it is more than ripe.

Sometimes, of course, there are some hasty proposals. In this regard, agreements are proposed here and there; ideas are raised. Therefore, this process will take some time.

Peru

Border Issue Not To Be Discussed With Ecuador

PY1008024295 Madrid EFE in Spanish 1822 GMT 9 Aug 95

[FBIS Translated Text] Lima, 9 Aug (EFE) — Peruvian Industry Minister Liliana Canale today dismissed the possibility of a meeting with her Ecuadoran counterpart, Jose Vicente Maldonado, to discuss the normalization of trade along the Peruvian-Ecuadoran border during the upcoming meeting of ministers in Bogota, Colombia.

Canale will participate in a meeting in Bogota on 11 August to discuss aspects of each Andean government's industrial policy and the competitivity of their exports.

The Peruvian minister dismissed the possibility of meeting with the Ecuadoran industry minister to discuss the reopening of the border because "that is not the purpose of the meeting."

A Peruvian Industry Ministry spokesman has said the meeting was summoned by Rodrigo Marin, Colombian economic development minister, for his counterparts of the Andean Group (Gran), although it is not an official meeting of this subregional bloc.

According to information from Quito, the Ecuadoran minister allegedly announced that during this event he would meet with Canale to decide the resumption of trade between the two nations.

Canale said in June that Peru was concerned about reopening the border so that Peruvians could enjoy minimum guarantees like the clearing of the mines planted during the non-declared war between Peru and Ecuador between 26 January and 28 February.

This requires a climate of safety for the people and merchants that circulate the border area as well as the traffic of merchandise free of restrictions, inspections, and requirements.

Last Round of Debt Negotiation Talks Planned

94SM0454A Lima CARETAS in Spanish 20 Jul 95 pp 24-25

[Unattributed article: "Fifth Round"]

[FBIS Translated Text] Minister of Economy Jorge Camet returned from the island of Manhattan at the beginning of the week after the completion of the fourth round of commercial bank negotiations, promising to return for the fifth round of talks if he is still a cabinet minister. Maintaining his usual protective shield of silence, he refused to confirm the much-discussed purchase of debt instruments.

The head of the MEF [Ministry of Economy and Finance] had been preceded by the executive secretary of the Foreign Debt Committee, Jorge Peschiera, and attorney Jaime Pinto (CARETAS 1371). During the working sessions held in the offices of Shearman & Sterling, located on the second floor of a building located just opposite the Citibank premises on Lexington Avenue, the Peruvian delegation was accompanied at the negotiating table by attorneys Mark Walker and Roger Thomas from the offices of Cleary, Gottlieb.

The negotiations have been postponed until after the national holidays. In view of the fact that most of the executive personnel usually take their vacations in the month of August, it is probable that the fifth round will be held in September, when the oppressive heat begins to abate and the temperature ceases to hover around 40 degrees Celsius.

Silvia Charpentier, who took part in the Brady Plan negotiations for Costa Rica, expressed the view that Camet is unlikely to admit the purchase of debt instruments on the secondary market, because the debt agreements expressly prohibit a country from unilaterally purchasing the equivalent of its debt on the secondary market.

However, it is also probable that the securities purchased by Peru have been placed in the hands of third parties using the Swiss Bank as a front for the transaction. In other words, Peru will be able to sign a Brady Plan agreement as if the original amount of the debt was still owed—and when the time comes to honor the securities obtained through the Swiss Bank, Peru will repay itself and immediately cancel the debt in the accounts of the Public Credit Office.

Recently, a daily newspaper caused a stir in financial circles by reporting that "Peru no longer has a foreign debt." Unfortunately, there need to be limits on this optimism, because Supreme Decree No. 110—the source of the enthusiasm—only authorizes Citibank to utilize its debt instruments for future privatizations. Nothing else. The Citibank debt comes to $900 million, plus the pertinent interest, and involves several other banks, led by Citibank.

Can these securities be used to purchase public enterprises? It is possible, but there is no indication that this is a done deed. To date, debt paper has been required for only three privatizations—those of the Cajamarquilla refinery, Tintaya, and the Continental Bank. It is known that in the first two cases, debt paper from suppliers, and not from banks, was used, and only $200 million in debt paper was required.

The country's total debt comes to more than $23 billion, of which the commercial bank debt represents only a third.

The alleged "disappearance" of the debt would be explained by the "buyback" of $2.272 billion in securities, using $1 billion of the Bank of the Nation's deposits abroad, so that the Swiss Bank and Bankers' Trust are redeeming these securities at 44 percent of their nominal value.

Minister of Economy Jorge Camet has acknowledged that what is owed to the banks comes to $3.8 billion ($650 million in short-term debt, and $3.15 billion in long- and medium-term debt), plus interest.

It is presumed that with the "buyback," the government has acquired 73 percent of the medium- and long-term debt, and only $900 million would remain to be redeemed.

Prior to this decree, it was impossible to use this kind of joint debt paper, because the 1983 Refinancing Agreement and the original agreements contained "pari passu" clauses (no bank could be paid separately) as well as "negative pledge" clauses (prohibiting preferential treatment). Either everyone would be paid, or no one would be. This current norm represents an exemption from, or waiver of, these clauses.

To summarize, and without wishing to be a wet blanket, it remains a fact that the debts to the IMF, the World Bank, the IBD [Interamerican Development Bank], the suppliers, the former socialist countries, the countries grouped in the Club of Paris, and the short-term debt to the banks remain to be paid. And if the buyback proves to be a fact, $900 million of the medium- and long-term debt, plus the corresponding interest, would still remain to be paid.

Commentator Criticizes Privatization Plan

95SM0454B Lima CARETAS in Spanish 20 Jul 95 p 33

[Commentary by Luis Pasara in the "From Outside" Column: "State Privatization"]

[FBIS Translated Text] In the orgy of privatization our countries are experiencing, the transfer of a number of public enterprises to the private sector is probably not the most important aspect. The focus of the plan, for long-term purposes, is the conduct of the state apparatus in a way that suits a minority sector with private interests.

Who it is that obtains privileged representation in this sector is something that varies from one country to another. But there are a number of components that are most commonly found to be involved.

Routinely, a team of technocrats takes charge of the management of strategic public policies. Usually trained in the United States, these technocrats claim to be apolitical, but they prove to be unconditionally aligned with the IMF/World Bank positions where our countries are concerned. Generally, this is not the product of conviction, because these individuals have a better understanding than anyone, from the inside, of the inconsistencies in such a proposition. Instead, this alignment is a calculated response to one requirement for a bureaucratic career that will, it is hoped, lead to much-coveted positions in the international bureaucracy. And these hopes are nurtured in a climate of advantages far exceeding those of the average government employee—high salaries, frequent travel on generous expense accounts, cellular telephones, etc.

The second component is provided by the politicians in office. Regardless of whether they are career politicians or newcomers who see an electoral advantage in presenting themselves as "independents," they share a keen shortage of ideas and plans. Based on this dearth of concepts, they cling to the proposals of the technocrats that, at the very least, will guarantee an influx of a flow of foreign resources.

The third active factor is the bureaucracy in the international bodies and foreign banks that imposes conditions and rewards fulfillment of them with new credit allocations and some donations. The main goal of this protagonist is to obtain payment of the foreign debt from some of our countries, as well as trade access to those countries for the exports of the industrialized countries.

Two other protagonists are usually found in the cast involved in privatizing state enterprises. One is made up of the local businessmen, who, once the game has been defined by the first three players, opportunistically join in it. And they do so in search of some advantage, although in some instances, they lose out economically in this venture.

Another protagonist in the case of Peru is the Armed Forces, or rather, their top-ranking commanders. Whether in exchange for sinecures or favors—common among the various illegal aspects—they provide the politicians with the support they need and undertake to deal with the social consequences, when necessary.

Within this sinister alliance, there is no shared plan to rescue the country in the long term. The protagonists are merely partners in a project from which each obtains special advantages. Thus all the actors support a policy of openness to trade, the adjustments, and the undemocratic decisions to which the governments turn. A number of the actors benefit through corruption, and some devote themselves to managing the drug traffic.

The privatization of state property, thus achieved, is possible in a democracy because the alliance in charge of the process is not faced with opponents who can offer any alternatives. The political actors are not even capable of channeling social discontent when it breaks out sporadically and locally without finding a responsive political force.

Throughout most of Latin America, there are no protagonists that will take on the representation of the interests of society as a whole. Those who govern do so for the benefit of a complex of group interests. Those who oppose the government—focusing their short-term attention on how to win the next election—are unable to articulate proposals that appeal to the majority who are being harmed by privatization.

In the case of countries like Peru that have weak national identities because of ethnic and social divisions, the process of privatizing state property may prove disastrous. As the representative of the general interests, the state could attempt to build up the nation. Today, the movement is in the opposite direction.

The social result is that those of us who live in a given territory have ever less in common with each other. Some, the few, have connections with the developed world. The majority are attempting to survive in isolation and despair.

The landscape in the countries like Peru—in which the majority of the people are finding ever fewer opportunities—is a picture reflecting the loss of a sense of national community. There is a lack of rules and loyalties, and crime and emigration are multiplying. This is the country being "invented" with the privatization of the state.

Drawbacks of New Land Law Detailed, Analyzed

95SM0454C Lima CARETAS in Spanish 20 Jul 95 pp 77-78

[Commentary by Efrain Gonzalez de Olarte: "The Land Is for Those Who Can Pay for It"]

[FBIS Translated Text] The Land Law has been approved by legislators persuaded that generalization of the right to individual ownership of the land and free functioning of the land market constitute the master key to development of the rural sector and the reduction of rural poverty. In reality, this is not the case, because investment in agriculture depends on many other factors. Therefore, the Land Law is important, but not so very important. Let us see why.

1. Historically, a change in the system of ownership of farm and forest land has not been a prerequisite for development in the rural sector and the reduction of poverty among the peasants. These things did not happen prior to 1969, because the estate owners, the government leaders, and the oligarchy did not want them to. Nor did they happen during the collectivist agrarian reform of 1969-1980, or later, during the democratic period between 1980 and 1995. There is no reason that the miracle of agricultural development and the eradication of peasant poverty should occur now, under a neoliberal economic regime. Development in the rural sector and the eradication of poverty depend on a combination of factors that the market cannot in and of itself resolve, and that would require a much more inventive state than that we have now.

2. Land is bought for three economic reasons: for production, as a means of long-term saving, and for speculation. The legislators believe that the new law will merely motivate production—whereas in reality it will lead to a great deal of speculation, for the simple reason that one can purchase up to 2,999 hectares without tax problems, and a great deal more money can be made by buying land cheap and selling it dear than by making the land produce. Once again, the beneficiaries will be those who have access to credit, or the banks themselves. As a result, it is very probable that land prices will increase, but without necessarily leading to any development in production or productivity. This process would thus work to the disadvantage of the economic efficiency being sought.

3. The limiting factor in rural development is not the identity of the holders of the titles to the land, but the lack of capital. It is being argued that if it is possible to obtain capital to invest now, then property ownership will guarantee credit. But the funds available for lending in Peru are limited in relation to the potential demand for credit, because these funds total only some $5 billion, of which only 10 percent goes to agriculture. If we divide $500 million among the million farm producers to be found in Peru, each would get only $500, so that there is no possibility of spectacular investment nor any possibility of substantial land purchases. Under these circumstances, the banks, whose funds are limited, will prefer to concentrate their loans in the hands of average and major clients, since the administrative costs are proportionally less for large loans than for small ones. The logical consequence will be the concentration of land and capital with the large owners, and the exclusion of the smaller ones. This problem can be resolved only

if the state contributes to increasing the credit available through the establishment of a development bank.

4. There have existed informal land markets in the rural sector for a long time. Even in the most remote peasant communities, land is leased in exchange for rent paid either in products or in cash, but development for the peasants has not resulted.

5. A free market economy has every advantage needed for development if all of the markets are competitive. In the case with which we are concerned, this is not the case, because the land market may be relatively competitive, but the credit market is not. This is because it is an oligopoly—that is to say, the supply depends on just a few banks. The result of the liberalization of the land market, accompanied by the deregulation of the labor market and the existence of an oligopolic credit market, can only result in the concentration of land in the hands of those who can pay, either with their own resources or with credit, and in instability for the farm workers. As a result, one sector will benefit, without a doubt, but another will be excluded; and on the whole, there will be a loss of social well-being and the development of latent social conflicts based on the lack of equal opportunity.

6. In the CCD [Democratic Constituent Congress], there was nothing but exaggeration of the virtues of private ownership in the rural sector. However, there are some collective institutions that also function efficiently, but will probably suffer negative effects as a result of the law. The peasant communities have collective ownership of their lands, but the use thereof is individual. This is a much more advantageous institutional arrangement for investment than private ownership and possession, because the peasants prefer the right to cultivate their plots guaranteed by the community over any offer of ownership titles from the state. This is because the state simply has no presence in the majority of the rural zones. The community, as an institution, responds much more efficiently and with greater justice than the state system when land disputes arise. In other words, if there is to be peasant development in many communities, the Land Law is not as important as a law that would provide access to credit or a system of reliable justice.

7. What the legislators obviously failed to take into account is that Peru in 1995 is one of the Latin American countries with the fewest inequalities in the ownership of the land, despite Velasco's agrarian reform. This singular opportunity to promote massive development in the rural sector, putting technology within the reach of the small and average farmers, is doomed to be lost not only because the law favors the concentration of land and capital, but above all, because there is a lack of determination to create a development bank to provide equal opportunities for access to credit. In this regard, the government is not pragmatic, as it is often presumed to be.

8. The effects of this law in the future will be the development of a modern, powerful farm sector coexisting with a stagnant, traditional one, increased migration toward Lima and the other cities, the proletarianization of a part of the peasantry, and stagnation for those who will be unable to sell their land because it would not be profitable on the market in terms of its quality and altitude. Would that I might be proven wrong in this prediction!

Notes on Municipal Politics 17-23 May

95SM0454D (Internet) Peru DESCO Gopher in Spanish 25 May 95

[From Resumen Semanal]

[FBIS Translated Text] The Popular Christian Party [PPC] will not participate in the municipal elections this year, the National Political Commission of that party has announced. Thus the PPC has become the first political party to recognize officially that it is impossible, in the short run, to meet the requirement set forth in Law 26452 that the signatures of at least 4 percent of all of the voters must be submitted in order to obtain recognition by the JNE [National Election Board]. "This law is proof of the intention to eliminate the political parties before the coming municipal election process," the Political Commission of the PPC said in the statement it disseminated. It also said that "the PPC is leaving its members free to participate in the municipal electoral process individually, or together with citizens of demonstrated moral quality, recognized ability, and dedication to service and the democratic culture, in order to work for the common good in their respective neighborhood districts." (Most dailies 20 May 95)

Ricardo Belmont, the mayor of Lima, appeared in public again on 19 May, speaking before the 36 aldermen who attended the regular session. After announcing his official withdrawal from politics, he urged the city council members to work for the city during the final seven months of his term of office. After stating that this was merely a visit, because his latest permit expires this coming 10 June, Ricardo Belmont informed the plenary session that his ill-timed return from the United States was due to the fact that this same day, at nine in the morning, he was summoned to appear at a hearing on the civil case filed against the state on 4 May 1994 in connection with Legislative Decree 776. "It was necessary for me to defend the arguments against Decree 776 personally. Following the hearing, I believe that we may win the case—and if so, the 166 million soles that we did not receive in 1994 will be returned, and this will be left for the next mayor," he said. During an address that lasted half an hour, the mayor of the city spoke about his political defeat, and in an unusually open statement, he admitted that he had made errors in his municipal administration. However, he maintained that despite his physical absence from City Hall, "I have always been linked with the municipality." (EL COMERCIO 20 May 95)

Uruguay

Technical Cooperation Agreement Signed With Spain

PY0908155695 Madrid EFE in Spanish
1539 GMT 8 Aug 95

[FBIS Translated Text] Montevideo, 8 Aug (EFE) — Diplomatic sources told EFE today that Uruguayan Agriculture Minister Enrique Gasparri and Spanish Agriculture Minister Luis Maria Atienza Serna have signed an agreement on technical cooperation development. The two ministers will also promote the relations between the Mercosur [Common Market of the South] and the European Union (EU).

The Spanish agriculture, fisheries, and food minister and the Uruguayan livestock, agriculture, and fishing minister signed a framework agreement on technical cooperation, particularly concerning the approval of property rights for the introduction of various Spanish vegetable seed varieties.

Atienza Serna, who currently is chairing the European Agricultural Commission, said he trusts that various agreements between the Mercosur, comprising Argentina, Brazil, Paraguay, and Uruguay, and the EU will be achieved within a short period of time.

The Spanish minister emphasized: "The EU Council of Ministers chairmanship, which is currently held by Spain, is interested in signing agreements with the Mercosur."

Atienza Serna added: "These agreements will permit us to establish a cooperation framework between the two regional blocs, but must also represent the beginning of free trade within the next few years."

The ministers reviewed the prospects for the negotiations between the EU and the Mercosur that will begin in September. Uruguay currently is holding the Mercosur pro tempore chairmanship.

Atienza Serna emphasized Uruguay's achievement of removing foot- and-mouth disease from the country. He announced that Spain would cooperate in speeding up the EU recognition of this achievement, which will open the European market to Uruguayan mutton exports.

Uruguay recently achieved the rating of a country free of foot- and-mouth disease, without vaccination. This achievement permits Uruguay to enter markets that so far have been closed to its exports and improve its meat prices.

The Spanish agriculture, fisheries, and food minister today traveled to Argentina, where he will participate in the opening of the Spanish stand at the traditional Palermo livestock fair. Afterward, he will visit Chile.

Venezuela

Cuba's Robaina Comments on Bilateral Relations

PA1108011595 Caracas EL GLOBO in Spanish
7 Aug 95 p 7

[Report by Laura Weffer Cifuentes]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina arrived in Venezuela almost as an obligation, as the plane in which he was traveling had to make a stopover on its way to Havana. Nevertheless, Robaina took advantage of the opportunity to meet with Foreign Minister Miguel Angel Burelli Rivas without a scheduled agenda.

This situation provided the opportunity to discuss various future projects. Relations between Venezuela and Cuba stand firm despite any tremors. In fact, we are seeking better and more feasible ways of cooperation.

When referring to tremors, you seem to imply that the relations have undergone many tests. Here in Venezuela it was feared that the stability of relations was in jeopardy.

Relations between both countries do not depend on their ups and downs, but on the ability to overcome a crisis. Any impasse could not interfere with the many issues that both countries have in common.

Robaina also stressed the fact that conditions exist to strengthen bonds. "In general terms we are satisfied with relations."

Nevertheless, Robaina emphasized the close trade relations developed with Colombia, Brazil, and Argentina. "Cuba has opened itself to foreign capital, but we are mainly concerned with defining conditions that surround us."

Regarding Cuba's energy debt with Venezuela, Robaina noted that the economic problems faced by Cuba are known to all. "If we had the money we would have no difficulties buying oil. Our resources are derived mainly from sugar production."

Another issue was Cuba's support of Simon Molina Duarte as candidate for the presidency of the Association of Caribbean States, to which he replied that if it benefits other countries it will benefit Cuba.

There have been a number of events of international interest, in which Cuban participation has been isolated.

This is of little importance; we believe that whatever benefits Latin America is good for us too.

Finally, Robaina was asked about the U.S. Congress' motion stating that Cuba may join NAFTA if Castro is overthrown. "The answer is very simple: we are not interested in joining NAFTA."

Economic Minister Comments on New Loans, Refinancing

PA1108004795 Caracas ECONOMIA HOY in Spanish 7 Aug 95 p 4

[Report by Niurka Franco]

[FBIS Translated Text] During the next three years, the Venezuelan Government estimates that it will be receiving several loans from the international financial community which will be used to refinance the country's debt. According to an announcement made by Julio Sosa Rodriguez, minister of state for economic issues, Venezuela could be receiving the loans sometime during the current year.

Although he was cautious in his statements, Sosa Rodriguez expressed optimism with respect to the previously mentioned international financing contributing to solve a significant portion of the fiscal problems the country is currently confronting. Nevertheless, the state minister refrained from disclosing the names of the credit institutions he was alluding to.

The visit of 1993 Nobel Prize laureate Douglass North and his suggestions with respect to measures to overcome the current situation were described as timely by Sosa Rodriguez. The minister also praised the rational manner in which North focused the problem, which is evident when he stresses that economic problems cannot be solved in an isolated manner but must also include solutions to the country's political and social problems.

When asked about the recommendations and strategies made by North with respect to the current control policy, Sosa Rodriguez commented that everyone should be opposed to currency control measures, which should be of a provisional nature. According to the minister, "When controls tend to be prolonged they become sources of corruption."

On the other hand, with respect to a possible increase in gasoline prices, and the manner in which these revenues should be used, Sosa Rodriguez pointed out that all government revenue should be used in partially solving fiscal constraints.

According to Minister Sosa Rodriguez, the important issue is using the resources in the best possible manner, most of all in social programs, especially those that entail an improvement in the welfare of the most needy sectors of the population.

Roundup of Venezuelan Economic Developments

PA1108003695

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Venezuela monitored through 10 August.

Official sources have reported that the Central Bank of Venezuela, BCV, Board of Directors, the members of the Foreign Exchange Board, JAC, and the finance, development, and Office of Coordination and Planning, Cordiplan, ministers met this week to define the terms of the system of import priorities that must be implemented in the next five months. The new system will be based on the evaluations the BCV and JAC technicians made. They recommended to the executive branch the urgent implementation of a preferential import system, because if it is not implemented, "international reserves will be jeopardized." According to BCV figures, international reserves amounted to $10.5 billion by late July, $1.404 billion less than in late 1994. The BCV and the JAC will propose to the government to limit the amount of import permits to $3.5 billion in the next five months in order to control the import deficit, which currently exceeds $8 billion. (Caracas EL NACIONAL in Spanish 31 Jul 95 p 8D)

The BCV reported today that consumer price index in metropolitan Caracas was 2.8 percent in July, according to a 1 August report datelined Caracas. The July inflation rate, 2.7 percent, was slightly higher than the June rate, and the accumulated inflation rate for the first seven months in 1995 was 25.5 percent, as compared to 37.6 percent reached in the same period a year ago. According to the BCV, sundry expenses increased by 4.5 percent and clothing and shoes by 2.9 percent. (Mexico City NOTIMEX in Spanish 2359 GMT 1 Aug 95)

Cordiplan believes the economy will grow by 2 percent in 1995, thus exceeding the estimations made in the Economic Recovery and Stabilization Program, PERE.

Cordiplan head Edgar Paredes said this positive balance is the result of the recovery in non-oil exports and the textile sector, which grew by 5.7 percent during the first quarter of 1995. Regarding the inflationary phenomenon, he pointed out it tends to decrease. (Caracas Venezolana de Television Network in Spanish 1545 GMT 2 Aug 95)

Cordiplan Minister Paredes yesterday said that the BCV confirmed that the economy grew by 1.6 percent of the GDP during the first quarter of 1995, according to a 2 August report datelined Caracas. He also said that non-oil exports have amounted to $4.311 billion during the last 12 months. (Paris AFP in Spanish 2131 GMT 2 Aug 95)

Juan Nepomuceno Garrido, labor minister and president of the board in charge of reorganizing the Venezuelan Social Security Institute, IVSS, has said that the institute will not be liquidated, as has been rumored in the last few months; it will be reorganized. Meanwhile, the Inter-American Development Bank will loan $40 million to jump start the consolidation and recovery plans for the country's agricultural sector, according to Deputy Transportation Minister Antonio Corrales. (Caracas EL GLOBO in Spanish 2 Aug 95 p 4)

Exports have grown by 25 percent so far in 1995 and could keep growing thanks to the marketing of chemical products, foodstuffs, and plastic by-products. This increase seems to stem from the recession through which the Venezuelan economic is going, thus prompting local producers to place their products in foreign markets. Exports could increase even more following the business meeting the Andean Pact and Common Market of the South countries will hold in November 1995. (Caracas Venezolana de Television Network in Spanish 0200 GMT 3 Aug 95)

Luis Giusti, Venezuelan Petroleum, Inc., PDVSA, president, believes that the oil economy will increase by 7 percent in 1995, as compared to a 5.7 percent increase recorded in 1994. Giusti explained at a news conference the advantages of the oil opening program, stressing labor competitiveness. (Caracas Venezolana de Television Network in Spanish 0200 GMT 3 Aug 95)

Lagoven Inc. will soon increase a number of investments in eastern Venezuela, including the expansion of the gas processing capacity at the Jusepin gas field, the secondary recovery at El Furial and Orocual, and the development of gas-handling installations in the recently discovered Piedritas oil field. One activity of great interest is the reactivation of inactive fields by private companies. These companies are planning to invest 25 billion bolivares in activities they will carry out in Monagas and Delta Amacuro. (Caracas ECONOMIA HOY in Spanish 4 Aug 95 p 11)

Maraven, a PDVSA subsidiary, produced an additional 20,000 barrels of crude oil per day between October 1994 and March 1995, thus making Maraven save more than 200 million bolivares, according to Alfredo Vega, Maraven Production Operations Division general manager. He added that "this additional production was obtained thanks to the application of a transformation program Maraven developed." (Maracaibo PANORAMA in Spanish 6 Aug 95 p 1-6)

BCV Director Domingo Maza Zavala has talked about the possibility of eliminating the foreign exchange control. If we eliminate it, he added, we will be left without reserves. When questioned if the government is considering imposing new restrictions in light of the $800 million drop in international reserves in June, Maza replied that logical restrictions will be imposed. Meanwhile, it seems that airline and tourist agencies representatives were able to convince the JAC to allow them to have an account in dollars abroad, as is the case with exporters, to accept payments in international credit cards and dollars. (Caracas EL UNIVERSAL in Spanish 8 Aug 95 p 2-1)

Cordiplan Minister Paredes on Multilateral Loans, Others

PA1008224695 Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 7 Aug 95 p 2

[Report by Elizabeth Ostos]

[FBIS Translated Text] Edgar Paredes Pisani, minister of state and head of Cordiplan [Office of Coordination and Planning], has said that the office "will make every effort to obtain and optimize loans granted by multilateral organizations because it is necessary to implement new policies to encourage investment and optimize the efficiency of public resources used to reactivate the country's productive sector."

Paredes said the main focus of this policy is the petroleum opening which to a certain extent guarantees the country's economic future. This is a crucial strategic decision which has already been made and which responds to a state policy clearly intended to last.

The Cordiplan minister said the government plans to implement other policies on a shorter time basis, such as the construction of public works under the concession system and the privatization plan devised for the Guayana enterprises. "There is also the possibility of exchanging debt for investment —topic which directly falls under Cordiplan's jurisdiction — and obtaining loans from multilateral organizations, in addition to opening new investment opportunities in the gold mining, forest development, and tourism sectors."

He admitted, however, that the concession system has not yet been initiated. He said he has proposed to have the infrastructure cabinet revise this system in an extremely short time so an assessment can be made with data at hand. Cordiplan and the finance ministry are interested in everything related to infrastructure and construction so these two fields can have a quick and reactivating effect on the economy.

About Loans

Paredes said that his office is working rapidly on administrative processes leading to disbursement of multilateral loans money. He said his office favors eliminating bureaucratic obstacles in the way of receiving loan money. "This has been brought up because most of the public sector investment in the country will rely on multilateral organizations' resources and any delay in the disbursements affects investment projects considerably."

The minister said the local public sector requires a new managerial profile to assess and follow up programs to be developed, in particular resources from muitilateral organizations.

Nevertheless, Paredes says the idea is not to increase bureaucracy but "to give the public sector good management capability and increase the execution levels of the projects to be developed."

We Are Giving Results

Regarding criticism of the government's macroeconomics program, Paredes said: "Despite many ideological biases, the economy's behavior in the first semester of 1995 is considerably better than that expected by critics. There are undeniable facts. There are also economic rules working in the right strategic direction. We are leaving a profit-oriented policy [rentismo] behind and instead are incorporating Venezuela into a productive and competitive economy."

[Ostos] Does this economic advance take place despite the government's continuous but questioned control policies?

[Paredes] The government has said that assessment of the variables of the economy's general behavior will be flexible. We are watching the economy's macroeconomics signals very carefully. The government must act in due time as a function of these signals, taking into consideration not only the general economic conditions but the political and social repercussions of certain measures as well.

[Ostos] Is the government afraid of being labeled as populist for certain measures it can take or reshape taking these variables into consideration?

[Paredes] According to a saying by a political leader of this century, every time a government makes a decision it must take into consideration how it will affect each common citizen. We are not dealing with a mere technocratic play of variables or abstract indicators. Each measure has an impact on all sectors of the population.

Paredes illustrated the situation with a controversial subject. "Let's take the specific instance of the gasoline price raise. It is not right for an oil producing country like Venezuela to have to sell its fuel at international market prices. There is a political range that the government must take into consideration in this regard. Any eventual gasoline price increase must be accompanied by other measures to minimize the impact of this price increase on the society."

Exchange Control

Paredes said that Venezuela's level of imports remained steady in the first semester this year. "The restriction of the economy cannot be attributed to the exchange control." He said that, far from making comparisons with the situation in other Latin American countries, we must "assess the country's crisis with our own instruments and know which are our own requirements, options, and alternatives. We do not have to copy generic and abstract models."

[Ostos] Can this picture harm Venezuela's image abroad? Let's consider Standard and Poor's risk-country analysis, which places our country at extremely low levels.

[Paredes] Venezuela's experience in 1994 was very serious. A financial crisis of such an extent hurts any economy. Consequently, the fact that in 1995 we are in a recovery plan that will change the crisis situation is a sign of soundness. It is not easy to attain a favorable international position, which in some instances, is based on biased schemes regarding to options not bound by economics.

Paredes feels optimistic regarding a possible reduction of the fiscal deficit. He thinks every possible effort is being made to reduce it, and that if the understanding of multilateral organizations is obtained, it is possible to resort to outside financing. He also stated that Venezuela must sit down to talk with any of these institutions "without any kind of complexes and under equal conditions. I can see no reason not to do it."

[Ostos] Even with IMF?

[Paredes] With whoever...

Court Workers End Strike; Agreement To Be Signed 9 Aug

PA1008224595 Caracas EL NACIONAL in Spanish 8 Aug 95 p D-1

[Report by Victor Manuel Reinoso]

[FBIS Translated Text] Today at the Supreme Court of Justice [CSJ], court workers will sign the agreement reached thanks to mediation of the president of the highest court. They will start working again throughout the country on 9 August, thus ending the indefinite strike that lasted approximately one month. CSJ President Rafael Alfonzo Guzman and Alfonso Ochoa, president of the National Organization of Court Workers, made this announcement, following a day of meetings to inform workers and adjust certain points of the agreement, which was essentially announced on 4 August. The only difference is that the salary increase will be effective starting 1 August, instead of 1 September.

"I am honored to announce to the country that we just reached a complete agreement on the conflicting issues," Alfonzo said. "There were problems in reconciling interests from the beginning to the end, but thanks to the intelligence and willingness shown by the unions, the labor minister, the Judiciary Council, and the CSJ, we reached an agreement, which we will solemnly sign at 0930 hours on 9 August, thus normalizing work throughout the country."

In addition to the unions, the CTV [Venezuelan Workers Confederation] and congressmen will sign the agreement to resolve the conflict.

Alfonzo told workers that this normalization constitutes the first step of the process inspiring political powers to ensure that the judicial branch will be worthy of not only Venezuela, but also will instill confidence abroad.

The Agreement

The agreement has five basic points:

1. Making the basic salaries of court workers — namely, secretaries, sheriffs, clerks, and archivists — equal to the salaries of posts in the same category, according to the organization chart of the National Public Administration.

2. A 30-percent salary increase starting on 1 August, one month before the date contemplated in the previous decision.

3. A single nonsalary bonus equal to the aforementioned 30 percent increase over the current salaries earned from 1 January to 31 July 1995.

4. Appointment of a commission formed by a CSJ representative, two union representatives, the OCP [expansion unknown], and the Judiciary Council to make salaries equal. The commission has a seven-day period, which could be expanded for another seven days, to do this.

5. Waiving of the legal or administrative actions and procedures the two parties have pending.

To this we add that the bonus established in the Decision by Arbitration — the bonus which in certain cases represents 30 percent of basic salaries — will be kept.

All these points indicate that a clerk or sheriff who currently makes 22,600 bolivares in basic salary will now make 41,000 or 42,000 bolivares.

Alfonzo pointed out that the government, as the executor of the agreement, must honor it and that the CSJ will do everything within its reach to ensure the government will do so.

Meanwhile, Ochoa affirmed that the preliminary points that were included in the pre-agreement with the Judiciary Council will become a complementary act.

During the morning at the entrance to the Palace of Justice, there were assemblies, calls, and meetings with labor and the Secretariat of the Presidency ministers, who told CTV's Carlos Navarro that they would not honor the bonuses workers were demanding.

Regarding the salary increase for judges, Judiciary Council President Jesus Caballero Ortiz explained that this increase will be estimated in a fashion similar to the salaries of the other judicial workers, thus making the salaries of high court judges equal to the salaries of directors general, the salaries of lower court judges to the salaries of sectorial directors, and the salaries of district and municipal judges to the salaries of line directors. This is what the labor and justice ministers offered during the first meeting in which a commission was appointed, a commission that included the attorney general.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.